November 1960 75¢

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AND MODERN INDUSTRY

- Presidents View Executive Pay
- Myth of the Specialist
- Keying Sales Calls to Profits

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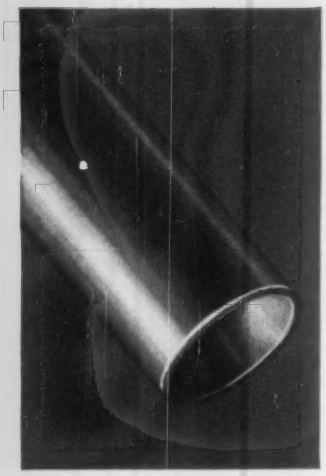

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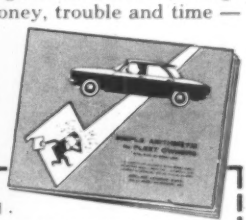

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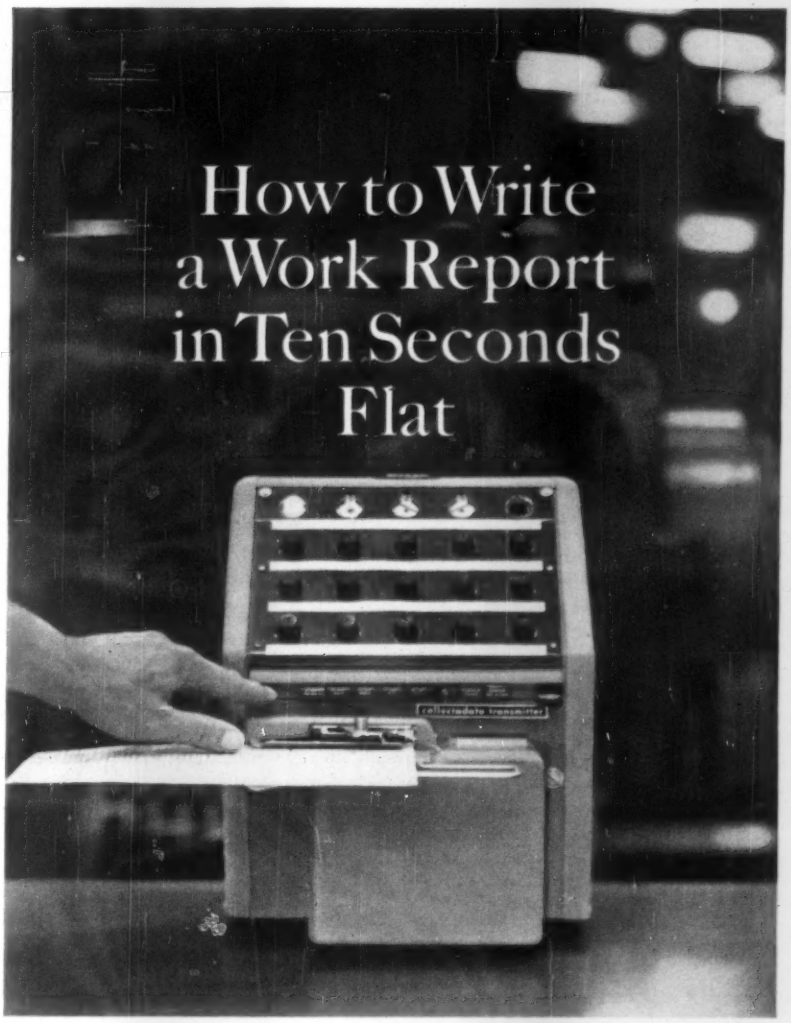

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Letters to the Editor

The Soft, Soft, Soft Sell

To the Editor: I'm writing in reference to the comments of Lee H. Bristol concerning the absence of salesmanship in the automobile industry, as quoted in your August "Voice of Industry" column.

We have spent almost $40,000 studying the automotive selling problem, including not only the salesman's but the dealer's attitude toward the public.

The results of the study show a pitiful situation—an almost complete lack of salesmanship. The dealer's attitude, as expressed in his lack of intelligent sales effort and his indifference to customers' service problems, makes us wonder how he sells what he does. The only things that save him are: (1) the advertising job done by the manufacturer, and (2) the American's desire and need for an automobile—he'll cut down on food and clothing to have one.

But the manufacturers cannot avoid accepting much of the blame. They are wizards at manufacturing, but in training and selling to and through the dealer, the automobile industry simply doesn't compare with other industries. It is "inbred," fat, soft, and apparently satisfied.

Don't misunderstand. We are not "bitter," just very surprised at what we found.

MARK E. SHANABERGER
Vice President—Director
Marketing Division
Barrington Associates, Inc.
New York City

The "Perfect" Balance Sheet

To the Editor: I have read with intense interest and enjoyment Clarence B. Randall's "Myth of the Perfect Balance Sheet," which appeared in your September issue.

I believe your readers were given a valuable lesson and much insight as to the ingredients that go into the make-up of many corporations.

JAMES H. RUSSO
Credit Manager
Congress Factors California Corp.
Los Angeles, California

Design for the Future

To the Editor: As a company actively engaged in product development, we found "What's Ahead in Product Design" (August) one of the better articles on our field. Thank you for bringing about a better understanding of our work.

DAVE ELLIES
President
Dave Ellies Industrial Design, Inc.
Columbus, Ohio

The States and Their Taxes

To the Editor: In "State Tax Bite: The Biggest Yet" (August), you show Florida as having a higher per capita tax than the national average. Fair enough, but don't you think business men should be told that Florida residents and businesses aren't burdened with all of it? Tourists pay in direct taxes a total of 18 per cent of all our state taxes, leaving residents with a per capita burden slightly below the national average. Taxes paid by tourists aren't excessive, though. There are just an awful lot of tourists: 8 million of them paid an estimated $73 million in taxes in 1957. There were 11 million tourists in 1959.

FREDERICK SHERMAN
Tampa, Fla.

To the Editor: Please relay our congratulations to the author of "State Tax Bite" for his very revealing article.

JAMES F. GARVIN
Manager
Industrial Development Dept.
Lincoln Chamber of Commerce
Lincoln, Neb.

To the Editor: We don't understand why a few economists persist in using per capita taxes—which business doesn't pay—as a barometer of the business tax climate. On the basis of per capita taxes, Oklahoma is about average. On the basis of business taxes paid by corporations and manufacturers, it is well *below* the average.

HERBERT L. SCHALL
Executive Vice-President
The State Chamber of Commerce
of Oklahoma
Oklahoma City

The author's point was that however light business taxes may be, per-capita taxes fall on groups essential to any business's activity: employees and customers.—ED.

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The Trend of BUSINESS

SALES: *Little bounce in months ahead*
INVENTORIES: *Further cuts, especially in durables*
PRODUCTION: *Declines through early 1961*
FAILURES: *September tolls top year ago* *(see page 15)*

BUSINESS activity showed few signs of perking up early this fall, and more and more business men began to feel uneasy about the outlook for the rest of this year and the early months of 1961.

It now appears unlikely that in the months immediately ahead retail trade will show the bounce it did during the first half of this year. A downturn in new plant and equipment expenditures is in prospect, as well as further cuts in inventories, especially in durable goods.

Also, it is worth noting that manufacturers' orders will not show much life through the winter, and industrial production will slip steadily downward well into 1961.

Lagging activity in many durable goods industries will be the main cause of a downward drift in overall industrial output.

Monthly declines in the output of appliances, furniture, some types of machinery, and some other durables will result in modest declines in overall output in the months ahead. Steel ingot production is likely to stay around current levels, or drift slightly higher. Although auto output may be up in some months between now and early spring, burdensome stocks will probably hold it below recent high levels.

In addition, output of textiles, floor coverings, and draperies is likely to move somewhat lower, and apparel production will show no major gains. Finally, no marked increases are likely in output of coal, oil, lumber, or paperboard.

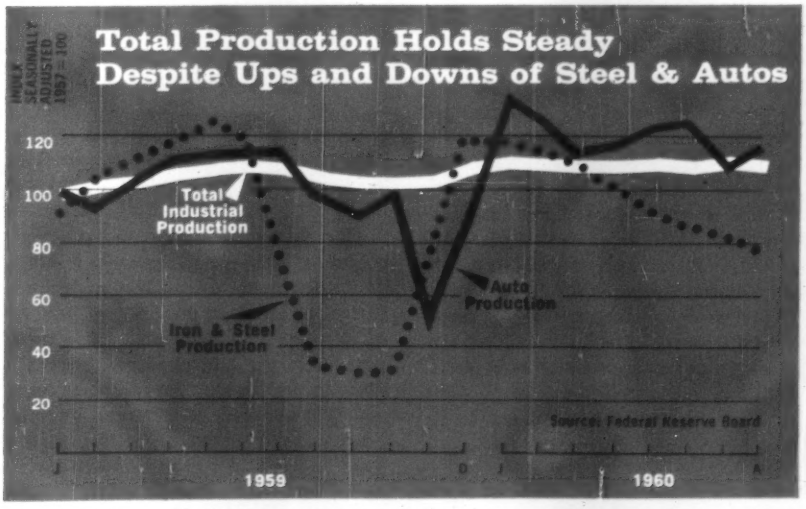
As a result, the Federal Reserve Board's index of industrial production will probably hit a low point somewhere between 95 and 100 (1957 = 100) in late winter or early spring—or 10 to 15 per cent below the peak of 111 set in January 1960.

Steel output this year is likely to top 100 million tons.

Steel production will hover around 60 per cent of rated capacity for the rest of the year, which will mean total output somewhere between 100 and 105 million tons, the sixth highest year in history. This is quite a bit below the 120 million tons plus forecast at the beginning of the year, or the 117 million ton record set in 1955. The industry's rated capacity this year was almost 149 million tons.

This relatively disappointing performance has, of course, been the result of high steel inventories in the hands of users and the subsequent lag in new orders for steel. No marked pick-up in steel orders is likely until early spring, when high inventories of appliances, autos and other steel consuming industries are worked off. This sluggishness during the first three or four months of next year is likely to hold steel output for 1961 as a whole moderately below this year.

Despite the early fall upsurge in sales of new passenger cars, auto production in recent weeks has shown signs of weakening. Dealers' stocks are still extremely high, and manufacturers are still testing consumer reaction to the new 1961 models. Unless sales pick up even further, output during the fourth quarter of this year will fall a bit short of the 1.8 million units originally planned, though 1960 as a whole is still likely to be the second highest on record. Recent reports show that some industry observers feel total 1961 sales will come close to 1960, but the compact models' share will be noticeably greater.



SINCE THE START OF 1959 *over-all industrial output has held steady despite strikes, changeover periods, and high inventories in these two basic industries.*

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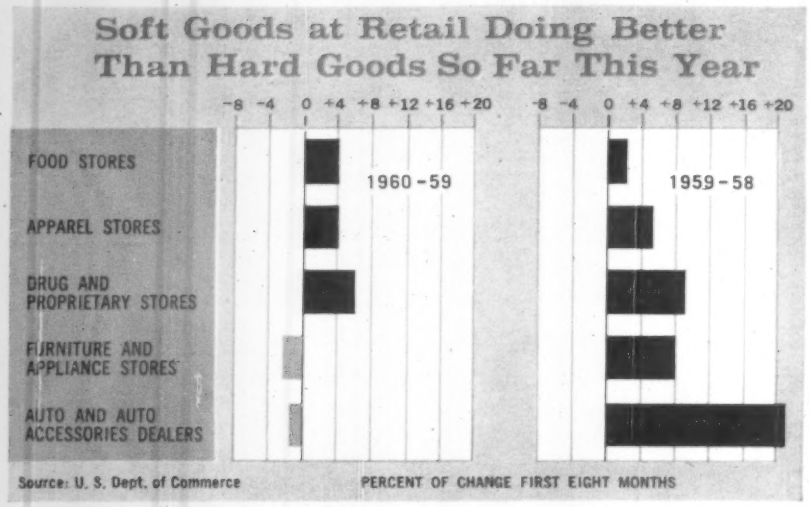
Soft Goods at Retail Doing Better Than Hard Goods So Far This Year
-8 -4 0 +4 +8 +12 +16 +20
-8 -4 0 +4 +8 +12 +16 +20
FOOD STORES
APPAREL STORES
DRUG AND PROPRIETARY STORES
FURNITURE AND APPLIANCE STORES
AUTO AND AUTO ACCESSORIES DEALERS
1960-59
1959-58
Source: U. S. Dept. of Commerce
PERCENT OF CHANGE FIRST EIGHT MONTHS

IN THE FIRST EIGHT MONTHS *of this year retailers of non-durables have reported better sales activity than those in durables, which have been disappointing.*

No slackening in inventory liquidation is in prospect for a while.

The pace of inventory reduction is likely to continue and possibly even accelerate somewhat through late winter, but then it will begin to ease off. No actual accumulation is probable, however, until late spring or even midyear. Most of the fluctuation will reflect inventory movements among manufacturers, wholesalers, and retailers of durable goods—especially appliances, furniture, steel, autos, and machinery, but over-all totals will also be influenced by stock reductions in such soft goods as floor coverings, draperies, and textiles.

Although manufacturers' orders for both durables and nondurables have recently picked up somewhat, they have continued to lag behind sales. Good volume in apparel, food products, linens, and some other soft goods will continue to hold over-all wholesale volume fractionally above year-earlier levels in the months immediately ahead. Gains here will offset dips in appliances, furniture, floor coverings, draperies, and textiles.

Although a modest rise occurred recently in textile trading at wholesale, more sluggish activity is likely through early 1961. Whether increases may occur in industrial fabrics and man-made fibers will largely depend on the demand for materials for auto upholstery and seat covers.

On the retail scene, shoppers won't be showing any greatly increased eagerness to buy.

Since mid-year consumers have shown a little less willingness to spend, despite continued record levels of income. To some extent, this may be an effect of not-so-glowing reports on business activity. Also, no doubt, they feel they are well stocked with refrigerators, washing machines, furniture, and other big-ticket household items. There is little reason to expect much of a change for the better in consumer sentiment in the coming months, but retail trade will either remain close to year-earlier levels or decline only slightly.

Retail trade will edge up to another record level this Christmas, but gains will be less than previously expected. For 1960 as a whole, a gain of about 2 per cent over 1959 is probable. Best-sellers in the coming months will be apparel, food products, small housewares, and linens.

Although the slackening in industrial output will mean some increases in unemployment, personal income will remain relatively high.

One prime influence on consumer spending will be an upward drift in unemployment levels. While declines in the number of jobholders will be moderate, unemployment as a proportion of the labor force will remain well above 5 per cent through early spring. The effect on personal income, however, will be cushioned by higher wage levels and unemployment insurance payments. The fact that shoppers have become a little cagey in their spending, despite good income levels,

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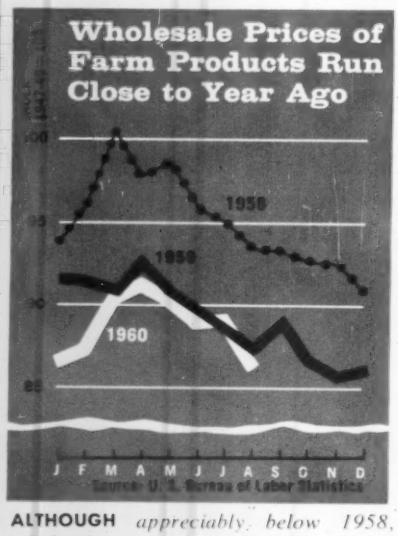
DODGE CONSTRUCTION STATISTICS

has led many bankers to expect an increase in savings.

This lack of consumer ebullience is likely to take its toll on consumer installment buying. The slowdown in consumer credit outstanding that began last July seems likely to continue in the coming months. Of course, much here depends on interest in new passenger cars.

Corporate profits this year will end up moderately below the record set in 1959.

Despite a good first quarter, corporate profits for 1960 as a whole will dip about 6 or 7 per cent from record 1959. The chief reason for this

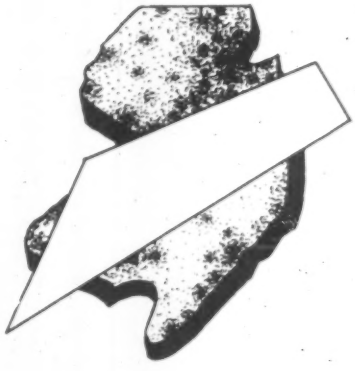

Wholesale Prices of Farm Products Run Close to Year Ago
1959
1958
1960
J F M A M J J A S O N D
Source: U. S. Bureau of Labor Statistics

ALTHOUGH *appreciably below 1958, wholesale prices of farm products have recently held up quite close to 1959.*

is the lower-than-expected sales volume in many industries, and higher operating and labor costs in some lines. These same influences paint an even less rosy profit picture for the first half of 1961.

This lag and expected lag in profits has perhaps been one major consideration influencing business men to cut back on their anticipated spending on new plant and equipment. Another important influence has been the current excess capacity in many industries. Outlays in the fourth quarter will show little change from the third quarter, and expenditures for the year as a whole will be up about 11 per cent from 1959, although somewhat below the record set in 1957. Declines are in prospect for at

What.... great open spaces



in the most densely populated State?

That's right ... New Jersey leads the nation with 800.2 persons per square mile. Naturally so because of the State's "corridor" position in the great Eastern markets. But New Jersey SOUTHERN is something else. Here, still in the heart of the world's richest market, are broad farm lands, green pastures, wide forests, mighty beaches ... 3000 square miles of opportunity. In the "Southern Six" counties of New Jersey, population is only 402.7 persons per square mile. And in one of these southern counties only 171 per square mile.

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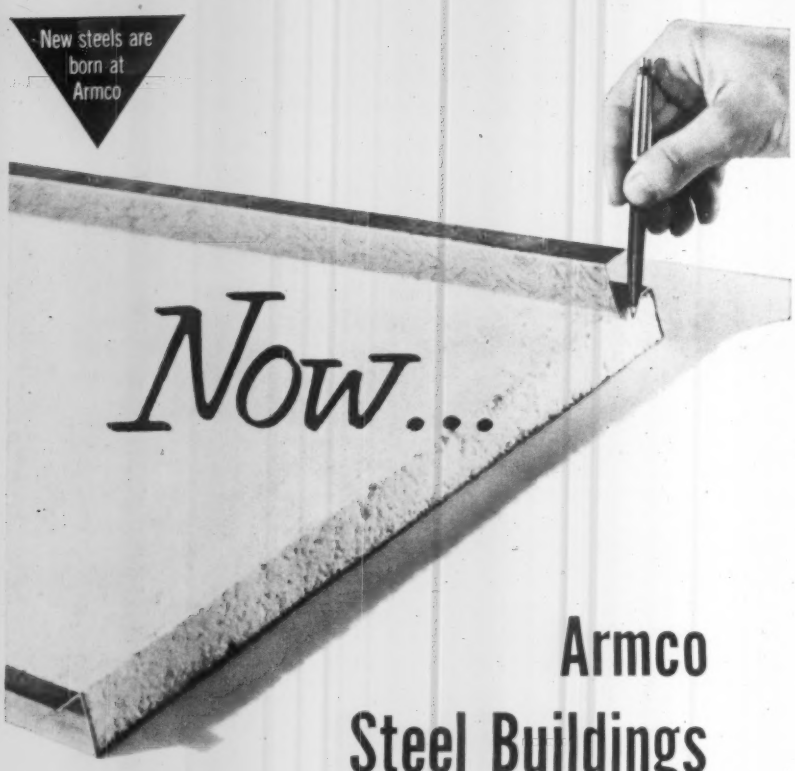

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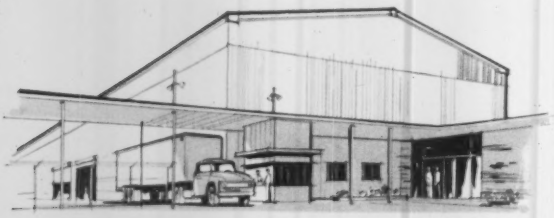

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least the first two quarters of 1961, but the percentage drop to the low point from the peak of the third quarter of this year will be less than that registered during the 1957–58 downturn in plant and equipment expenditures. Orders for machinery are more satisfactory than they were in the 1957–58 period, and another hopeful sign is the recent upturn in machine tool orders from both domestic and foreign customers.

Sharp gains in industrial building will continue to bring overall construction near to year-earlier levels.

Industrial construction is feeling the effect of high outlays for new plants. Along with gains in the building of stores, garages, warehouses, and public utilities, it has helped offset year-to-year declines in residential construction. Through year-end, industrial building will probably remain at current high levels. Looking further ahead, industrial and commercial construction during the early months of 1961 may level off or even start to decline.

Total construction outlays, however, will not get much help from residential building. Despite somewhat easier money conditions, there is little chance that much of a rise in new housing starts will come about before the end of the year. Applications for FHA financing since early in the summer have remained appreciably below early 1960 levels, one sign that housing activity will not show any bounce in the near future.

Even though high building costs will continue to discourage some prospective home builders, prices on most commodities at both wholesale and retail levels will change little in the coming months. Although consumers may be faced with continued price increases for services, cost of household durables may actually drift lower. Prices on apparel, food, and new automobiles will remain relatively steady. Of course, whether we are in for another bout of inflation in the near future will largely depend on Government spending levels and the amount of surplus or deficit in the Federal budget.

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.

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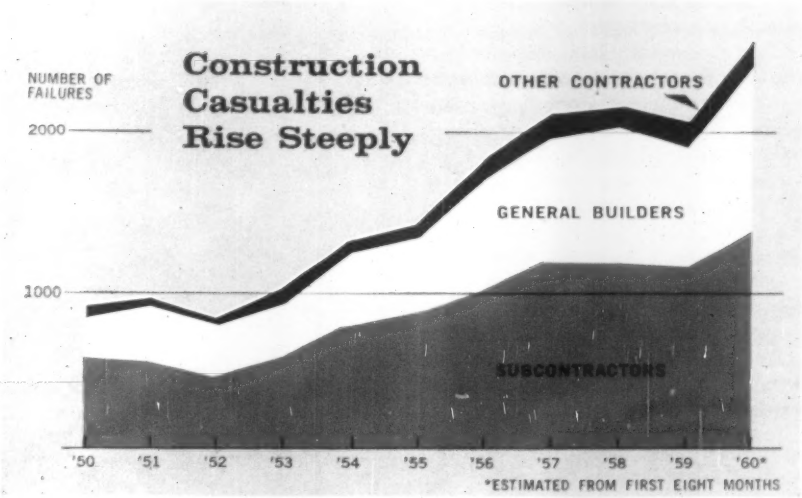
Business Failures

Tolls hit postwar record

Major liabilities bulk bigger



BUSINESS failures dipped seasonally in September to 1,269, but for the eighth consecutive month ran above last year's level. Eleven per cent more casualties occurred than in September 1959, pushing the toll the highest for any September in some 27 years.

Dun's Failure Index, which projects monthly mortality to an annual basis and adjusts for seasonal variations, reached a postwar record of 65 casualties per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*. This compares with a rate of 58 per 10,000 in September 1959 and 70 per 10,000 in September 1939.

Dollar liabilities, although moderately below the August volume, stood at $80.6 million—almost half again as large as in September 1959, when the toll was $54.7 million. Again, as in the exceptionally high liability months of June and August, the steepest climb occurred among casualties involving losses in excess of $1 million.

Construction failures remained about even with August, bolstered by a rising toll among building subcontractors. In other types of operation, however, casualties followed the usual seasonal downturn from August. Among manufacturers, the decline centered principally in the lumber, food, and chemical industries; among wholesalers, largely in the food trade. In retailing, tolls dropped noticeably in the appliance and floor-covering lines, and moderately in the food line.

Year-to-year increases prevailed in all major functions. The smallest rise —7 per cent—was registered in re-

continued on page 16

THE FAILURE RECORD

	Sept. 1960	Aug. 1960	Sept. 1959	% Chg.†
DUN'S FAILURE INDEX*				
Unadjusted	56.7	54.2	50.8	+12
Adjusted, seasonally	65.2	59.6	58.4	+12
NUMBER OF FAILURES	1269	1315	1144	+11
NUMBER BY SIZE OF DEBT				
Under $5,000	122	146	161	−24
$5,000—$25,000	553	573	539	+ 3
$25,000—$100,000	443	418	326	+36
$100,000 and over	151	178	118	+28
NUMBER BY INDUSTRY GROUPS				
Manufacturing	218	228	192	+14
Wholesale trade	116	121	105	+10
Retail trade	604	621	563	+ 7
Construction	218	217	191	+14
Commercial service	113	128	93	+22
LIABILITIES (*in thousands*)				
CURRENT	$80,604	$97,594	$54,736	+47
TOTAL	82,124	99,897	54,921	+50

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, September 1960 from September 1959.

In this record, a "failure" occurs when a concern is involved in court action or voluntary action likely to end in loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supplying companies or the governments; they do not include long-term publicly held obligations.

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continued from page 15

tailing, and the largest—22 per cent—in commercial services, where heavier transportation and personal service casualties lifted the over-all total. Although most retail lines had fewer failures than a year ago, these declines were offset by steep upturns in tolls among auto dealers, service stations, and restaurants.

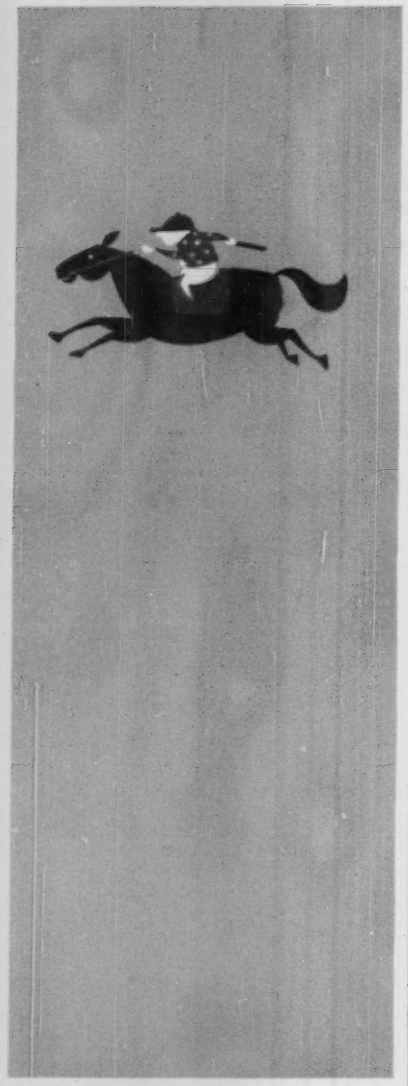
Three geographical regions accounted for the seasonal dip, while virtually no change from August appeared in the New England, South Atlantic, and Mountain States. Contra-seasonal increases were noted in the East North Central Region and in the West North Central, where casualties reached a 28-month high. More concerns failed than in the previous September in all regions except New England. Non-metropolitan districts rather than the large cities felt the brunt of the heavier business mortality.

FAILURES BY DIVISION OF INDUSTRY

	Cumulative total		Liabilities in million $ (Nine months)	
	1960	1959	1960	1959
MINING, MANUFACTURING	1921	1818	225.8	145.7
Mining—coal, oil, misc.	69	64	15.8	5.5
Food and kindred products	127	140	26.3	11.2
Textile products, apparel	313	296	27.1	16.4
Lumber, lumber products	398	368	30.2	18.0
Paper, printing, publishing	141	124	8.8	7.3
Chemicals, allied products	47	49	3.6	3.7
Leather, leather products	65	56	10.4	5.7
Stone, clay, glass products	34	40	3.7	3.9
Iron, steel, products	120	103	19.6	7.9
Machinery	206	181	36.3	28.1
Transportation equipment	88	73	12.0	6.1
Miscellaneous	313	324	32.2	31.9
WHOLESALE TRADE	1080	1038	79.9	62.5
Food and farm products	243	216	23.2	19.2
Apparel	37	30	3.2	1.4
Drygoods	26	27	1.0	1.0
Lumber, bldg.mats., hdwre.	133	110	10.9	7.5
Chemicals and drugs	32	46	1.2	1.3
Motor vehicles, equipment	90	56	5.6	2.8
Miscellaneous	519	553	34.8	29.4
RETAIL TRADE	5519	5343	177.5	185.1
Food and liquor	794	882	21.1	25.0
General merchandise	203	239	11.3	15.1
Apparel and accessories	764	818	19.9	33.8
Furniture, furnishings	735	644	30.3	28.6
Lumber, bldg.mats., hdwre	357	342	14.6	12.0
Automotive group	951	743	32.7	18.7
Eating, drinking places	1043	1018	30.4	28.0
Drug stores	116	84	3.0	2.4
Miscellaneous	556	573	14.3	21.5
CONSTRUCTION	1903	1551	138.7	92.2
General bldg. contractors	733	540	78.1	51.1
Building subcontractors	1053	889	51.0	32.3
Other contractors	117	122	9.6	8.8
COMMERCIAL SERVICE	1014	968	71.8	44.2
TOTAL UNITED STATES	11437	10718	693.7	529.7

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.



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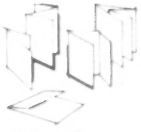

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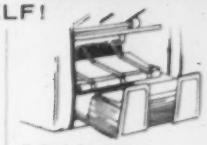

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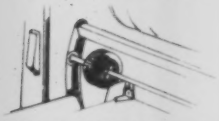

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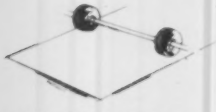

Adjustable feed wheels
Contact paper at outer edges for positive forwarding one sheet at a time.

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Assures non-skip feeding, lightweight papers to cards—even newsprint.

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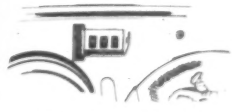

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WASHINGTON Business Front

JOSEPH R. SLEVIN

¶ *When is a recession not a recession? Right now, in the view of some informed Washington economists.*

¶ *Their diagnosis: an economic adjustment to the end of inflation. Their prescription: price cuts to restore vigor.*

WASHINGTON, D.C. — A major test of the American economy is under way. It is a very special sort of test, the first of its kind since the end of World War II. Immediately at issue is the question of whether the United States is skidding into a full scale recession. But this is not the question that gives the current test its distinctive flavor, for there have been three recessions during the past fifteen years. The more significant question is whether the American economy will expand vigorously if there is no recession.

Murky crystal balls

Few economists would have been willing to predict ten months ago that the pace of the country's economic growth would be a matter of widespread concern by late 1960. Instead, most analysts were preoccupied with glowing talk about the "Sizzling Sixties" and the happy, glorious boom to come. A handful expected only a sluggish rise in business activity this year. But none of the widely publicized year-end forecasts envisaged the slackening of activity that actually developed.

What the prophets failed to foresee were the deep slashes that business men have made in their inventory buying. The United States has gone through a major and completely unexpected inventory "adjustment" this year. Economic activity has slackened because business men, who had been adding to their inventories at an $11.4 billion yearly clip in the first quarter, actually were trimming their stocks a few months later. Output continued to rise during the second quarter only because the demands of final users grew rapidly enough to offset the cutbacks in inventory spending.

Now that the inventory "adjustment" has taken place, there is general agreement among Government economists about why it happened. The key development has been the dwindling of the inflationary expectations that had dominated business activity in most of the industrial nations of the free world since the end of the war. Per Jacobsson, the brilliant economist who heads the 68-nation International Monetary Fund, was one of the first to detect the emergence of the new conditions when he declared a year ago last September that inflationary pressures were subsiding. The Jacobsson view has won widespread acceptance among professional economists in recent months. The judgment of most experts is that the postwar era of inflation is over.

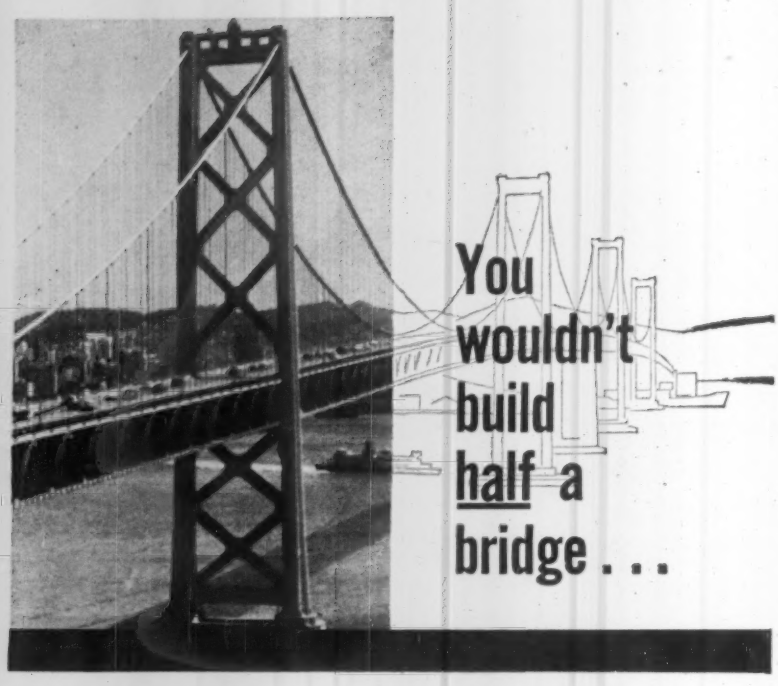
The Federal Reserve System gave its formal indorsement to the new thesis in June when it cut its lending charge from 4 per cent to 3½ per cent. The FRB did not believe that a recession was at hand. Instead, it had come to the considered conclusion that inflation no longer was a threat and that easier money was needed to stimulate business activity.

In late September Secretary of the Treasury Robert B. Anderson formally joined the lengthening list of believers, with a full-dress speech to the Board of Governors of the I.M.F. He offered an appraisal of American business conditions that may have been excessively optimistic—of which more later—but none of the assembled finance ministers and central bankers disagreed either with Mr. Anderson's assertion that the American "economic environment of 1960 is a new environment" or with his explanation that the "domestic economy is not functioning without the dangerous stimulus of inflationary expectations or fears of shortages."

The pressure slackens

Business men lost interest in building inventories when they became aware that borrowing costs were high, that goods were readily available, and that prices probably were going to remain stable. There was no pressure to beat future price increases and scant prospect that rising prices would yield inventory profits.

Foreign competition is playing a formidable part in curbing inflationary pressures. The completion of reconstruction in Japan and West Europe has given foreign manufacturers ample capacity to ship large quantities of goods into the United States market. Similarly, there is excess free-world capacity to produce many raw materials—and surplus supplies are keeping commodity prices under re-



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lentless pressure. There is idle capacity in most industries, and there are idle workers in many communities. The company that lets its costs mount to the point where it has to raise its prices may lose sales to a more efficient competitor. The company that keeps a firm hand on its costs and is able either to reduce its prices or to improve its products is in an excellent position to take business away from a competitor. The days of shortages are past. The days of the postwar sellers' market are past. The winds of competition are blowing, and they are blowing hard.

Advice from an expert

Mr. Jacobsson capped his year-ago warning with another bit of sage counsel this last September. He suggested that the best answer to the appearance of idle machines and idle workers in the United States would be price cuts to stimulate consumer buying. Federal Reserve Board officials have been pressing the same advice for the past eighteen months.

Mr. Anderson and Mr. Jacobsson share a belief that the United States has not been going through a true business-cycle recession. It is their view that this country has been adjusting to the new, noninflationary world and that its recessionary symptoms are neither more nor less than the outward manifestations of the "adjustment."

It promises to be a while longer before all the evidence on the current testing period is in. But, if there is no recession, then there still remains the fundamental question of whether business activity will rise strongly enough to provide jobs for some of the workers who now are unemployed as well as for the additional workers that a growing population is adding to the job force each month. Economists can debate until they are breathless about whether the current level of unemployment is too high, too low, or just right for an efficient economy. The demonstrated fact is that it is too high to be socially and politically acceptable within the U.S. system of democratic capitalism.

Whoever wins the election, there is no doubt that an effort will be made to reduce unemployment and to increase production. The campaign has made that quite clear. The realistic question is: "*What* steps will be taken?" And that is where Mr. Jacobsson and the central bankers of

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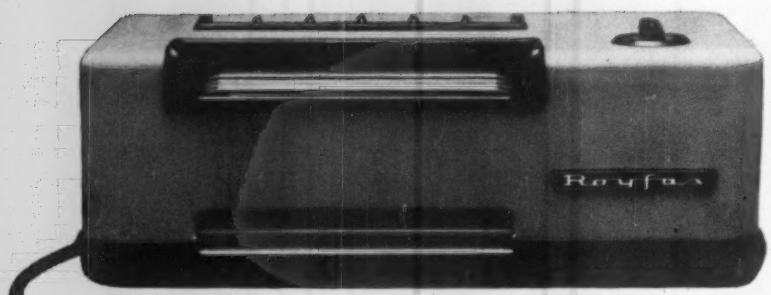
See "Yellow Pages" (under duplicating or photocopying equipment) for name of local Verifax dealer. Or write Eastman Kodak Company, Business Photo Methods Division, Rochester 4, N. Y. for free booklet describing all Verifax Copier models.

Prices quoted are manufacturer's suggested prices and subject to change without notice.

Verifax Copying DOES MORE... COSTS LESS... MISSES NOTHING

Kodak
TRADE MARK



at last, an unlimited office copying machine

the new ROYFAX by Royal McBee

It overcomes the bothersome limitations of all previous copiers.

COPIES EVERYTHING—Royfax is *unlimited* in what it will copy—print, pencil, crayon, ball-point pen, ink; all colors as well as any printed photograph. And it copies from all kinds of paper.

COPIES PERMANENTLY—if you copy it on a Royfax, it will keep for an *unlimited* length of time, will last as long as the paper without fading or darkening due to heat or light.

COPIES QUICKLY—the operator is *unlimited* by the working time of Royfax. The few seconds needed to produce a copy are just long enough to set up the next piece for copying.

COPIES SAFELY—The solution tray is solidly fastened, surrounded by a waterproof well; the electrical mechanism is behind a shield and the current goes off when the cover is lifted.

COPIES ANYWHERE—*unlimited* in location . . . easy-to-carry Royfax can be used wherever there is an ordinary electric outlet.

COPIES IN ANY LIGHT—Royfax works in *unlimited* number of light conditions . . . no darkrooms needed.

COPIES EASILY—the number of people who can operate Royfax is *unlimited*. Anyone can learn quickly without special training.

COPIES UNLIMITED—Royfax can make aluminum offset plates, giving up to 20,000 copies. It can also reproduce originals on film.

COPIES ECONOMICALLY—*unlimited* Royfax makes individual copies for just pennies per copy.

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ROYAL®

Please give me full free information on the new unlimited office copying machine, the Royfax, by Royal McBee.

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Royal typewriters for best originals . . . Royfax for best copies. F

the Federal Reserve System have a point that should be of more than passing interest to believers in the free competitive enterprise system. They contend that the best way to stimulate more rapid economic growth is to encourage heavier buying—and thus greater production and higher employment—by cutting prices. Private industry can provide a large number of additional jobs on its own, they believe, if it will simply become more competitive.

Deceptive Dollar Weakness

Despite a good deal of talk about the danger of a "dollar crisis," there is more pressure on the pound sterling at the moment than on the dollar. The dollar looks weaker than it really is because of the recent heavy outflow of short-term money from the United States—most of it so-called "hot money" that is being reinvested abroad at higher interest rates. The pound sterling, by the same token, is weaker than it really looks because it has been bolstered by a large volume of short-term capital that has been coming to London to take advantage of the high rates there.

The dollar will have a superficially stronger look when interest rates rise again here and decline in London. The "hot money" will return to New York. And, when that happens, the pound will look less impressive, for people will be shifting their short-term funds out of sterling investments. They will be selling pounds and buying dollars instead.

Following the "Leaders"

One group of economists will be profoundly embarrassed if future developments show that the United States has not been in a recession. They are the analysts who rely on the behavior of the leading indicators—a group of sensitive barometers that includes wholesale prices, new orders, average hours worked, new incorporations, and business failure liabilities.

The "leaders" customarily turn down well in advance of a recession and turn up before over-all activity begins to rise. They have been pointing down since June, 1959 and by last winter were moving down in a cluster —the traditional signal of a recession. Students of the "leaders" maintain that the boom topped out in May and the recession started in June. END

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Hertz leads the way with a wide choice of leasing plans. All are uniquely sensitive to the needs of companies now using 10 or more company- or salesmen-owned cars. Highly flexible, these plans offer you operating efficiency developed over 30 years, plus the nation's most extensive coast-to-coast car leasing facilities.

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Please send me your illustrated booklet "Who Should Lease Cars . . . and Who Shouldn't."

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CITY & STATE_____

NUMBER OF CARS OPERATED_____

PROBLEM:

to "multiply manpower" of swiftly growing Texas Instruments

SOLUTION:

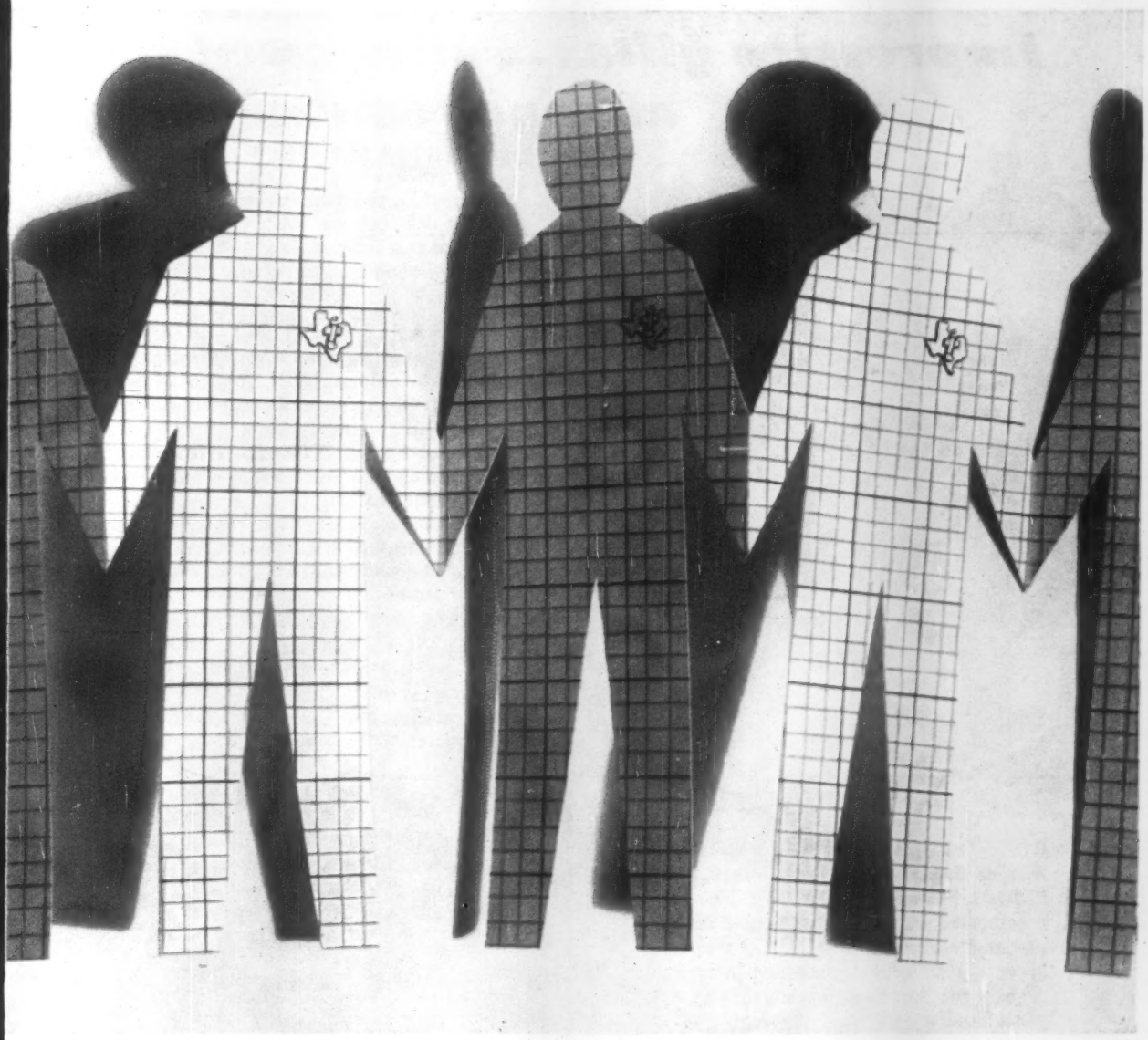
A Western Union Private Wire System

In recent years, Texas Instruments has become a major factor in electronics, with wide diversification of products and a reputation for remarkable engineering and manufacturing ability. With its dynamic growth came the continuing problem of "multiplying manpower-effectiveness" of the hard-to-come-by TI field engineers.

A Western Union Private Wire System was a major factor in overcoming this problem. It literally "multiplies manpower" by keeping field engineers in constant touch with research and development, manufacturing and marketing. This nationwide private communications network, linking 35 of the company's offices, plants and facilities, is contributing substantially to Texas Instruments' continuing growth. It is swift—it is accurate—all messages are printed, and become lasting records.

And, of particular importance to top management, the system is flexible—as TI continues to grow, the system grows with their needs. Message capacity will soon be increased by 25%, and since January alone Western Union has provided 16 new locations in the network.

Your company, too, can not only "multiply manpower-effectiveness" but save both time and money with a Western Union Private Wire System—engineered to meet your specific needs. For all the facts, wire collect to: Western Union, Private Wire Division, New York, N. Y.



How a Western Union System coordinates TI's diversified activities

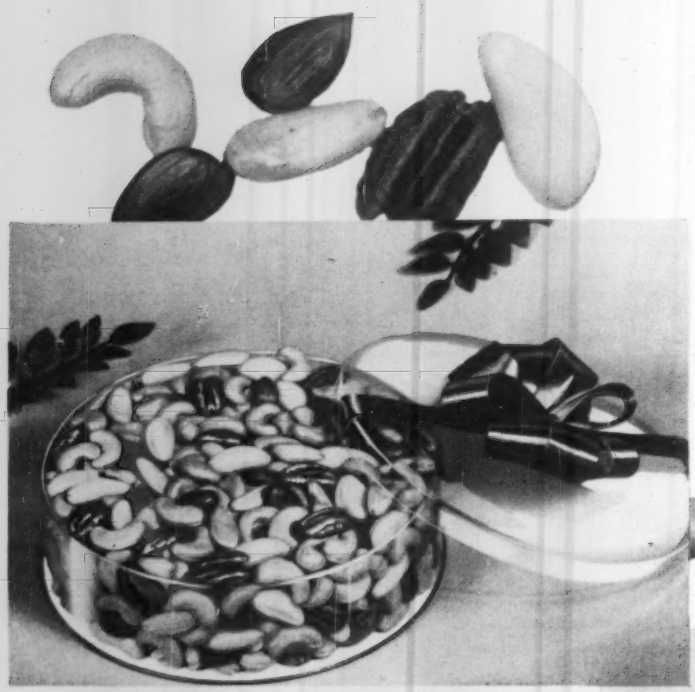
Messages to be sent from Dallas headquarters are dictated direct to this dispatching room, punched on tape and put "on the wire." Carbons are then returned to the sender.

In just seconds, sales or engineering information from any one of 45 stations in 35 offices reaches this Switching Center in Dallas, which handles over 840,000 messages a year.

Message from field office arrives at proper one of several Dallas receiving stations at key areas in TI headquarters complex, is delivered immediately to the designated individual.

WESTERN UNION... first in Private Wire Systems

Impressive gifts . . . often used . . . always remembered



The positive way to please everyone on your gift list . . . give them delicious nuts. And, the most delicious are CAPCO domestic and imported fancy mixed nuts . . . the most superior quality obtainable anywhere.

TRANSPARENT GIFT BOXES topped with festive red satin bows and filled with the world's finest, IMPERIAL MIX SALTED NUTS . . . giant cashews, giant pecans, giant redskin almonds, giant blanched almonds and blanched Brazils. Also available in the divided Star Design centered with red pistachios.

1 lb. Imperial Mix, 2.20
2 lb. Imperial Mix, 4.10
3 lb. Imperial Mix, 5.90
5 lb. Imperial Mix, 9.75
3 lb. Star Design, 6.35
5 lb. Star Design, 10.35

ROUND HAMMERED ALUMINUM BOXES filled with the world's finest, IMPERIAL MIX SALTED NUTS. The box is embossed with an antiqued coach design prepared exclusively for CAPCO and can serve a 1001 useful purposes later on. Also in the Star Design centered with red pistachios.

2 lb. Assortment, 4.35
3 lb. Assortment, 6.15
5 lb. Assortment, 9.85
3 lb. Star Design, 6.55
5 lb. Star Design, 10.50

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Address .....

City ..... Zone ..... State .....

GIFT BROCHURE SENT UPON REQUEST

LET C&O SITE SPECIALISTS SHOW YOU THE EXTRA DIMENSION

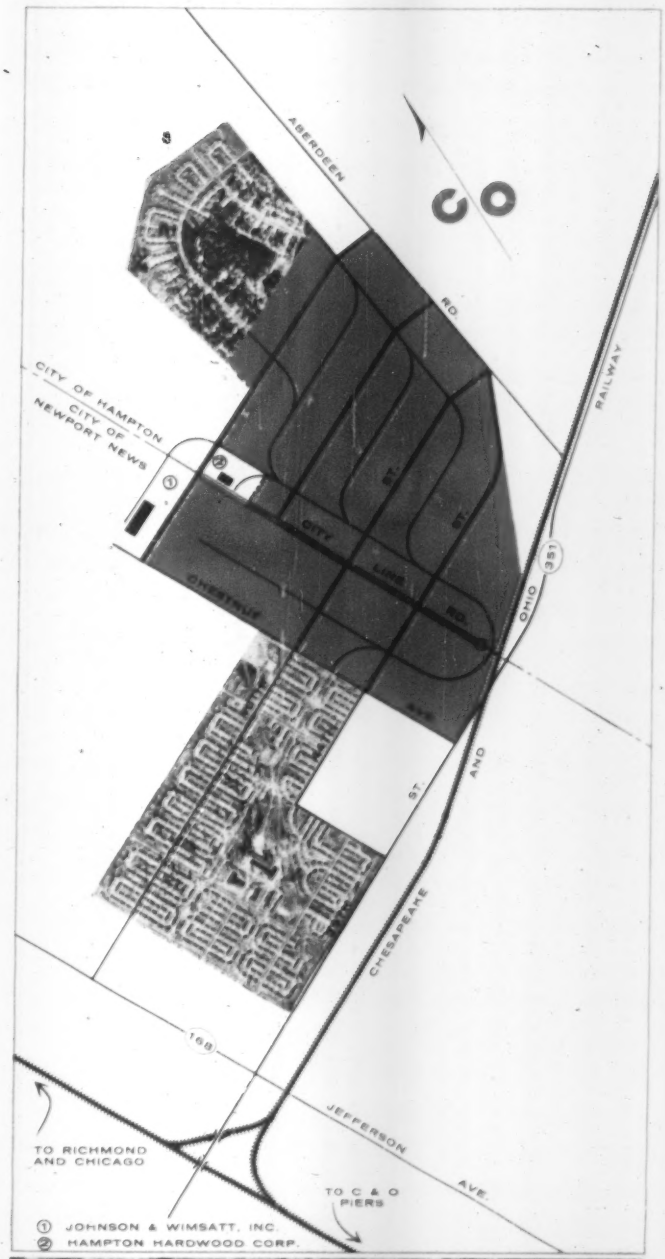
at Copeland Industrial Park

Rarely does a potential industrial location possess as many already developed physical and marketing assets as Copeland Industrial Park, Newport News, Va. Here is a municipally administered redevelopment site ready now to meet virtually any manufacturing or warehousing specifications.

Whether Copeland Park or any other C&O property is suitable for you, however, depends upon weighing the facts against your requirements. And this is how C&O's Industrial Development Department serves you. Its staff of site-finding specialists presents all the facts, impartially, without gloss. Their intimate knowledge of location details gives you the complete picture; from topography, transportation and utilities, to community profile, labor, zoning and tax conditions.

After unbiased counsel with C&O, the decision rests with you.

There are many attractive locations along Chessie's 5100-mile system serving the industrial heart of the United States and Canada. A few listings appear on the reverse side of this page.



✻ SUPERB FACILITIES AT COPELAND INDUSTRIAL PARK

Newport News — Hampton, Va.

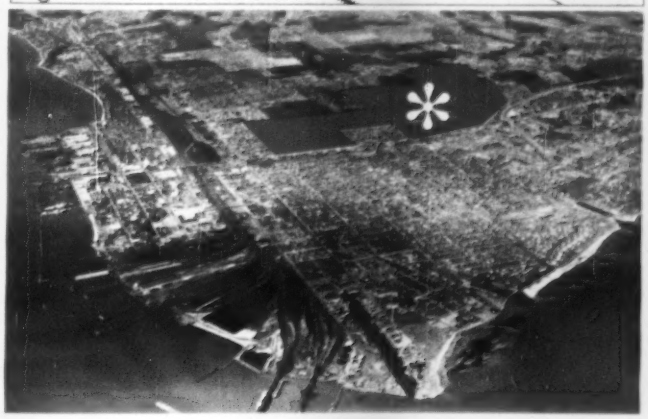
Ready now — A protected industrial site of over 800 acres, nearly half of which are already cleared, graded and ready, with unlimited room for expansion.

Finest transportation — The Park is adjacent to tracks of the C&O, and to a network of modern highways.

All utilities in — Unlimited supply of electricity, natural gas, and water. Finest bituminous coals are readily, economically available.

Ample labor — Draw both skilled and unskilled from the cities of Newport News and Hampton, Virginia.

Strategic marketing — World commerce at your door through C&O's unexcelled port facilities; C&O main line access to important Midwest markets.



Chesapeake and Ohio Railway

Industrial Development Department
Huntington 1, West Virginia

Outstandability in Transportation

Partial list of available sites for industry

Contact the C&O Industrial Development Department for full information on these and many more choice locations

1—Wixom, Michigan — A new city (2,200 est. pop.) where Ford Motor Co. put Lincoln assembly plant in production in 1957. Twenty-nine miles from downtown Detroit. Two gently-rolling-to-level properties now offered, 99 acres and 159 acres, on Detroit-Saginaw-Ludington main line of C&O; adjoining Ford track. Utilities: Detroit Edison Co. (electricity); Consumers Power Co. (gas).

2—Erie, Michigan—Pick your own site in 913-acre property, all level and well drained, adjoining C&O's Ottawa Yard. Ten miles from downtown Toledo, forty-seven miles from Detroit. Lies between U. S. Highways, 25 and 24. Electricity from Consumers Power Co.; in sight of new generating plant. Water from Lake Erie. Gas not now available. Access to exceptional labor sources.

3—"Chemical Valley," West Virginia—The 43-acre Lewis site, clear and level, thirteen miles from Charleston, the capital. On C&O main line and canalized Kanawha River; close to U. S. Highway 60. High-grade fuel from Middle Appalachian fields. All the water you can use. Utilities: Appalachian Power Company (AEP system); United Fuel Gas Co. (Columbia system); West Virginia Water Co. Ample labor. Other sites near by.

4—Michigan City, Indiana — Two nearly level parcels of 43 acres and 22 acres on C&O's Chicago-Detroit-Buffalo main line. Fifty-eight miles from Chicago loop. Both sites front on State Route 212, a 4-lane road linking U. S. Highways 12 and 20. Now in city: gas, water, sewer, when needed. Power and gas. Northern Indiana Public Service Co. Also adjoining properties.

5—Richmond, Virginia—Choice level sites in the 200-acre Airport Industrial District, five miles from downtown Richmond. Adjacent to Byrd Field, city's airport. All utilities. Lead track to C&O's fast main line, Newport News to Chicago. District is already distribution center for Ford, GM, Allis-Chalmers. Electricity: Virginia Electric and Power Co.

6—Marion, Indiana — C&O invites location in level 369-acre property, zoned for heavy industry, with all utilities available. On main line, Chicago to Cincinnati; reciprocal switching with three other railroads. Close to State Route 18. Dana Corp. and General Motors plants near by. Utilities: Indiana & Michigan Electric Company (AEP system); Central Indiana Gas Co. (Consolidated affiliate).

7—On Ohio River—400-acre-river-front property in Kentucky-West Virginia-Ohio tri-state industrial area. Eight miles west of Ashland, Ky. on U. S. Highway 23. Between river and C&O double track main line, Newport News to Chicago, at west end of Russell Yard. Utilities: Kentucky Power Co. (AEP system); Columbia Gas of Ky. In labor surplus area.

8—Eastern Kentucky — Local group in area of labor surplus holds 60-acre property for industrial use. On Levisa Fork of Big Sandy River and C&O's Ashland-Elkhorn City line. Four miles from Paintsville, county seat city of 5,000, two U. S. highways. Two miles from country club, 18-hole golf course. Electricity: Kentucky Power Co. (AEP system). All utilities can be provided.

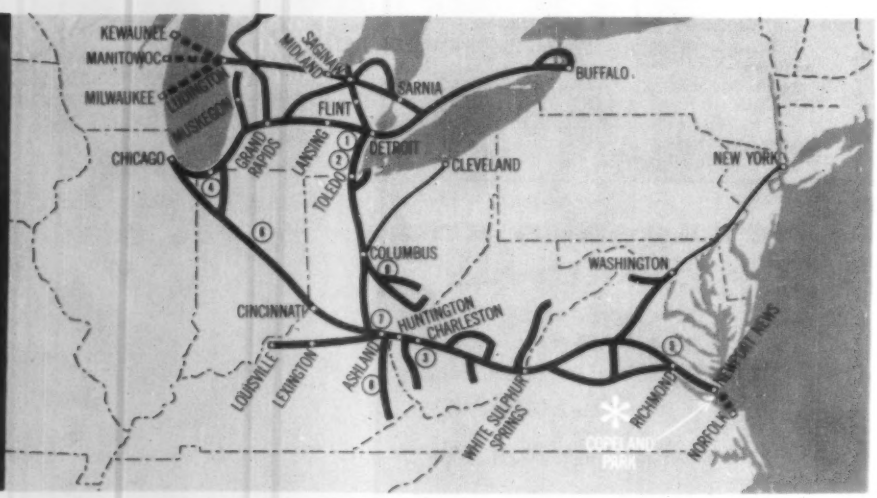
9—Logan, Ohio—A forward looking city of 6,000 in the Hocking Valley, forty-nine miles southeast of Columbus. On C&O line and U. S. Highway 33. Affords several choice sites. Abundant fuel sources; water from Hocking River aquifers. Utilities: Ohio Power Co. (AEP system); The Ohio Fuel Gas Company (Columbia system). Large reservoir of skilled, semiskilled and unskilled labor.

Complete industrial surveys of these and other sites along The Chessie Route are available to interested companies. Inquiries are handled in complete confidence and without obligation. Address: Wayne C. Fletcher, Director of Industrial Development, Chesapeake and Ohio Railway, Huntington, West Virginia. Telephone: JAckson 3-8573.

There's Opportunity for Industry all along The Chessie Route

C AND O

Outstandability in Transportation



Dealer signatures

imprinted as requests come in—

Dealer signatures on your advertising material win enthusiasm and interest on the part of your dealers, but involve problems. Rubber stamping is slow, expensive, poor in appearance, lacks prestige. Printing signatures separately or in gang forms is costly, often delays delivery . . . With a Tickometer, you can imprint dealer signatures easily, quickly, cheaply, as requests come in!

- A Tickometer prints from rubber mats, type slugs, or electros. The printing surface is 2-3/16 by 7/8 inches. Handles sheets as large as 15 x 15 inches, of all standard weights and finishes of paper, light card stock—feeds and stacks automatically—is easy to set and operate, can be used by anybody.
- It is also the fastest and cheapest way to mark, code, cancel, endorse, date—forms, labels, coupons, checks, cards, tags, job tickets, sales slips, at speeds from 400 to 1000 items a minute—reduces hours of hand work to minutes. With attachments, it can sign checks, and also do consecutive numbering.
- The Tickometer also counts as it prints; and is so accurate that banks use it to count currency. It records full or partial totals, and will make predetermined counts. And one Tickometer can save time for several departments.
- Can be leased as well as bought. Service is always available from 320 points. Call the nearest Pitney-Bowes office and ask for a demonstration in your office. Or send for free illustrated booklet and case studies.

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Made by the originator of the postage meter . . .
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Send Tickometer booklet and case studies.

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now—a car that measures up to your fleet needs like no other!

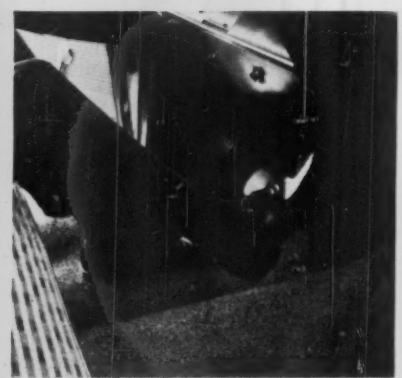
'61 CHEVROLET

Even a casual once-over and once around the block will tell you these '61 Chevies combine all the practical common-sense features you could ask for in a fleet car.

OUTSIDE DIMENSIONS HAVE BEEN TRIMMED DOWN to give you extra inches of clearance for parking and garaging, yet there's a full measure of Chevy roominess on the inside. **DOOR OPENINGS ARE UP TO HALF A FOOT WIDER** for easier entry and exit—a boon to any busy fleet schedule. **NEW EASY-CHAIR SEATS** are up to 14% higher—just right for sitting, just right for seeing—yet there's more head room in most models. There's **MORE LEG ROOM** in the front, more foot room in the back. And there's a **NEW BUILT-FOR-BUSINESS DEEP-WELL TRUNK** that opens at bumper level for easy short-lift loading. These are just a few of the unique benefits that make Chevy for '61 the one car that meets all your fleet needs so perfectly it might just as well have been custom built to your specifications. And that's just as true whether you rent, lease or operate your own fleet. Talk it over with your Chevrolet dealer first chance you get. . . . Chevrolet Division of General Motors, Detroit 2, Michigan.

The fleet car America likes to do business with!

CHEVROLET



DUN'S REVIEW
AND MODERN INDUSTRY

OPEN LETTER TO THE PRESIDENT-ELECT

November 1, 1960

Honored Sir:

Next Wednesday morning you will face a horizon quite different from that seen by any predecessor preparing for his inauguration. You must make ready to wrestle with many new problems in this world, and some out of it. It's a much larger world in numbers, a much smaller world in size--above all, a much more confused world, beset by conflicting liberties and sovereignties, with its national boundaries growing vertical as well as horizontal. We are still unprepared to be citizens of One World. Variety of language, color, and custom is still the spice of life and the challenge of society. And it is still preferable to the prospect of a universal mediocrity of mind and purpose, no matter how peaceful and secure. Yet we may soon face the necessity of revising some of our national concepts.

As President, you may have to consider some adjustment in the definition of ''mine'' and ''thine'' in a proprietary sense. The pooling of hopes and aspirations among the countries of good will, within the framework of the United Nations, looks like the best way to find a common ground for discussion of common interests and debate over conflicting purposes.

As you are well aware, Mr. President-elect, the business of life is living, and the measure of civilized living is a mutual respect which encourages the exchange of ideas, trade, and culture. There is no excuse for accepting a world of threats, anxieties, and tidal movements of loud voices and ominous calm; we must take a strong position against the bluster of tyranny from any quarter. This means leadership beyond equivocation. You have been chosen as a leader of the strongest nation in the world. The men and women of fifty states, who elected you, believe that you have the moral stature to go with it and the mental capacity to grow with it.

Good leaders are good listeners, but they know how to be selective about advice when the lonely moment for judgment is at hand. As a leader you are the executive, the decision maker, interpreting the mind of the people. You are an individual, not a committee. You are called upon to give compelling evidence of sound personal judgment, based on the authority vested in you by the Constitution, and within the perimeters of action designated by the Congress. It is up to you to reflect national policy in clear utterance and unmistakable integrity of action. You will have to be frank with some revitalized nations who need to be told that they will now have to help bear more of the financial as well as the moral responsibility for encouraging the weak and immature, maintaining the peace, and standing up to the threats of unfriendly neighbors. You will have to get tough with your own citizens,

whether they voted for you or not, and tell them they must renounce the illusion that our country can indefinitely count on favored treatment from Providence. You must remind them, instead, that we are the most fortunate nation in the history of mankind because we have profited from the errors and the folly of an old world that has made tedious progress in its struggle toward law and order and civilized self-government.

You will have to tell business men to think clearer, sell harder, and stop looking for special discounts from the basic price of energy, ingenuity, and ethics that is necessary to prosperity and economic progress. You will have to tell craftsmen that they must give value for value received, that the day of ''something for nothing'' is past, and that they have no moral right to management prerogatives without the risks that belong to every business venture.

You will have to tell a multitude of citizens--business men big and little, educators, farmers, laborers, and many others--to stop running to Washington for help when they should first find ways of helping themselves, and at lower cost. We have had enough legislation at the behest of special interests who lean on Government instead of their own resources. The more crutches you provide, the more leaners you invite at the taxpayers' expense.

You will have to tell Congress that candor begins with clarity of vision and a sense of equity, particularly in such matters as taxes which influence unduly the decisions of business managers, warping their judgment and diverting their plans from logical and normal courses of action.

You can also remind us that the free enterprise system, under which our country has grown great and powerful, is based on the risk-for-reward formula of capitalism, a method which is only as effective as our will to implement it. The more the Government moves into the management of our capital resources or competes with private enterprise in providing goods and services, the less free our system becomes, and the less responsive will be its reaction to the laws of supply and demand in the marketplace.

You can talk tough to all of us--blue collar and white collar, professional and executive, citizen and official. There is a job to be done. It calls for a dedication of individual effort, for voluntary and spontaneous support of the purposes for which our society was established. With you, we believe that--despite our lack of sophistication in the art of diplomatic doubletalk--an awareness of our good faith in seeking to serve the best interests of mankind is slowly penetrating the propaganda smokescreen laid down by the enemies of our system of government. With you, we believe that our country deserves to be saved, despite the complacency, selfishness, and irresponsibility of many citizens who take every benefit and liberty for granted, assuming no civic obligation in return.

You are in for a rough time in the next four years, Mr. President-elect, but they will be as rewarding or frustrating as you permit in the policy you set as a leader. Show us the will to lead and we will show you prompt evidence of our willingness to follow you toward a better day.

Respectfully,

Every one of us

EDITORIAL

An Hour for Leadership

MR. KHRUSHCHEV recognizes the merits of a two-party system abroad, if not at home. Not long ago he was suggesting a postponement of the next summit meeting until the new President takes office, and despite an abortive effort by the UN's neutralist bloc to force an earlier meeting, nothing of the kind now seems likely for months to come.

Mr. Khrushchev's risk in the future is greater than ours, as his grip on the reins depends upon a dozen men in the power clique who operate the U.S.S.R. machine, and his leadership is already challenged by the belligerent China of Mao Tse-Tung. Here in America, our risk has a broader spread among the 175 million citizens expressing a choice, state by state, through the electoral college.

One advantage in the hands of an oligarchic leader is his opportunity to create, temper, or reverse policy without too much restraint by his people, who learn the truth by the grapevine and can say *Da* but never *Nyet* at the ballot box. Our representative form of government is replete with checks and balances, with tensions and controls to influence policy and decision. In the short-term stop and go of diplomacy, these safety factors limit and occasionally handicap the hand at the controls. Over the long term, they create a respect for the objectives of national policy and the sincerity of its administrators.

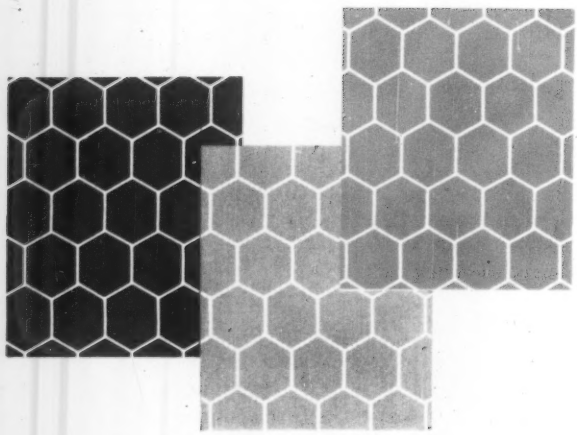
But there comes a time when leadership requires the risk of personal daring within the sensible concept of a national policy. Because of its impartiality, its policy of national non-aggrandizement, and its elephantine gentleness, the United States has been abused, misunderstood, and victimized by a shrewd, double-tongued opponent, who has outpointed us in nearly every diplomatic bout in the Middle East, Far East, Africa, and Latin America. As a nation, we are on the defensive against an adversary who never lets us get set for a counterpunch and who uses every trick of the diplomatic brawler in a ring without a referee.

The time has come for us to pronounce before the world a positive schedule of policy and action, spelled out in detail and supported by every evidence of brotherly affection for nations in need that our history provides. This program should be anchored to our record, beginning with the aid to the starving Russian hordes who were fed by the Hoover Committee after World War I and continuing through the Marshall Plan, which succeeded in bringing social order and economic balance to the free world after World War II. Under the Marshall Plan, the American taxpayer's dollar revived the national prestige as well as the production capacity of war-weakened allies and reformed enemies. It was spent gladly and generously, because we would rather deal with a healthy, friendly competitor than with an emaciated and discouraged ally.

American leadership in world affairs calls for more than ideological fervor and more than social reforms and benefits. It calls for a specific, point-by-point restatement of what we stand for, what we propose to do, and what we expect in return. A candid definition of policy is necessary to clarify our national image and conscience before the maturing nations of Asia, Africa, and Latin America. At present we are maintaining fire fighting equipment all over the globe, but the firebugs are getting all the attention. We have been playing second fiddle while the Russians take the encores.

Leadership means leading—not following the trail of a friend or adversary. And if the world expects us to lead and pay the major costs of leadership in money and sacrifice of national benefits, then it is time to come up with a positive creed of action that will create confidence in our ability to lead mankind toward the ultimate acceptance of its destiny in a peaceful and civilized world.

Unless the danger is seen in time, galloping specialization can bring any company to the brink of chaos. The remedy? Top managers with the breadth of vision only a liberal education can provide.



The Myth of the Specialist

CLARENCE B. RANDALL

IT IS recorded in the book of Exodus that when Pharaoh hardened his heart Moses came in unto him, and speaking for Jehovah, said:

"If thou refuse to let my people go, behold, tomorrow will I bring the locusts into thy coast. And they shall cover the face of the earth, and they shall fill thy houses."

All of which came to pass. "The locusts went up over all the land of Egypt, and rested in all the coasts of Egypt: very grievous were they."

When Pharaoh saw the locusts he was frightened and repented. Thereupon Moses entreated Jehovah, who "turned a mighty west wind, which took away the locusts, and cast them into the Red Sea."

Industry today is like Pharaoh of old. We too are threatened with a swarm of locusts—but, unlike Pharaoh, we are not frightened, nor have we repented. We have no Moses to intervene in our behalf and no west wind to blow the locusts away. On the contrary, we are urgently asking for more of them.

Our locusts are the specialists—the men who, with infinite patience, skill, and learning, have completely mastered one miniscule segment of a business and can do nothing else. The fractionalization of human knowledge which has come in this generation, driven by the powerful forces of international rivalry and commercial competition, has brought an incredible proliferation of separable responsibilities, which the specialists have swarmed in to take over. Industry cannot now live without them, but it may soon have to decide whether it can live with them.

At present the demand is growing much more rapidly than the supply. In every aspect of business, whether it be technology, finance, or marketing, ambitious management is searching out narrowly but intensively trained talent in response to the urge for ever sharper focus in the application of knowledge. With newer companies that are rapidly on the make, a prestige factor may also enter in. They want a man who not only is a master in his tiny area but enjoys a national reputation as such.

When the chase is on, the inquiry does not center around the question of the man's future potential or his capacity for acquiring new skills and

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The author, now a Special Assistant to President Dwight D. Eisenhower, retired in 1956 as board chairman of Inland Steel Company.

abilities, but solely upon what precise knowledge he now possesses which the company can turn into quick profit.

Universities are the happy hunting grounds of these new talent scouts. Let a young professor get a burst of publicity in his chosen field and the prowlers will swoop upon him. Maybe he is a young research scientist whose Ph.D. thesis added another decimal to an equation in the electronics field, or even a sociologist who became articulate on some such subject as the impact of urban living upon incentive pay scales. The new lightning can strike any one of such.

Government, too, is a favorite stalking ground for these covetous recruiters. Many a harassed executive who is unexpectedly called to Washington has his eyes quickly opened by the experience. After sitting uneasily in his chair for a few minutes at his first conference, he suddenly realizes that the career officer on the other side of the table is extraordinarily competent—in fact, knows more about his particular problem than he does himself. "Aha," he says to himself. "Here is the very man I have been looking for. I've had enough of this grief. Let him handle it for me from now on!"

Because much of this hot pursuit of pin-point talent is the result of impulse thinking on the part of someone in management, rushing in to solve an immediate crisis, it is often indiscriminate. Neither the man's future nor the company's weighs heavily in the decision. The accent is on action.

Threatened by a horde of locusts, industry is not frightened. On the contrary it is asking for more.

Often, therefore, the approach to the prospect is heavy-handed. The executive who is given to rushing off on tangents of this sort is almost sure to be of the "money talks" persuasion. He goes after a brilliant young chemist in a university research center with all the finesse that the Yankees would use in snaring a bonus pitcher. Offer to double the man's pay and he will sign: that is all he knows. It would never occur to him that a scholar might be pursuing his subject solely for the love of it—that the chance to have a glorious part in once more pushing back the frontiers of knowledge might be worth more to him than any amount of money. Nor could he sense that a career officer in Government might be so dedicated that his pride in serving his country would transcend the prospect of even large monetary reward.

Such hot pursuit of special-purpose brains is likely to create more problems than it solves. The end result is likely to be frustration for the company and heartache for the man and his family.

Assimilation into the organization is frequently difficult, and a sense of common purpose is seldom easily arrived at. If the much-touted new specialist comes from a university, he may bring his ivory tower with him—and I say this not unkindly but realistically.

More often than not, the specialist has never actually been a member of a team before. Heretofore, he has always set his own goals, planned his own work, and fixed his own schedules. Now he must accept objectives that management selects, and meet management's time schedules. This comes hard, and it can start an inner rebellion that will eventually either cause him to resign, or so check his efforts that he will sink quietly into ineffectuality and oblivion.

Communication both during and after assimilation is as difficult as the assimilation itself. When the locusts descended on Pharaoh's palace there was doubtless a terrific buzzing, but no communication of ideas was taking place; each locust was buzzing to himself.

So it is likely to be with the specialists. Often they can neither communicate with each other nor with their new associates. Each speaks a characteristic patois that is unintelligible to all but his kindred spirits. So they clam up until by chance they come upon one of their own kind, when they become suddenly and explosively garrulous.

Specialists suddenly lured in from the outside are only part of the problem, however. There is a sinister tendency, also, to breed them within the organization. In well-managed companies a young man's traditional key to advancement is so conspicuously to fill his job to overflowing with enthusiasm and ability that all the supervisors who see him take notice and begin to vie with each other for the chance to promote him. Unhappily, also the converse can be true. In some companies the most tragic mistake a young man can make is to do his job brilliantly, for then he is promptly marked down as indispensable and irrevocably locked in. Callous and negligent management permits him to live out his whole life confined involuntarily in one narrow groove, simply for lack of the imagination to find another man to put in his place, and the courage to take the risk of change.

But from whatever source the specialists come, they are a threat to the oneness of purpose, and the understanding interlocking of responsibility, which every successful organization must have. Unless the danger is recognized and forestalled, myopia replaces breadth of vision, and synthesis of effort fades out. When the process goes far enough, a company can become as disorganized as an army without generals, made up entirely of sharpshooters. Unless all the varied and special skills found throughout the entire force of employees can be brought into unity of effort by minds broad enough to sense the composite value of all of their efforts, and wills strong enough to pursue implacably the main purpose of the whole undertaking, only gorgeously implemented confusion and frustration can result.

Where specialization is unchecked, only gorgeously implemented confusion can result.

But before considering the plight of a company which is overstaffed with specialists, one might well stop and consider the plight of the specialist himself.

The intense over-emphasis by an individual upon a single field of knowledge and the acquisition of one particular skill usually begins in college. It is a function of the modern trend in higher education, which in turn reflects the increasing fractionalization of knowledge, and it is in the institutions of higher learning themselves that the antidote must be found.

It is not only in science and technology that the problem exists, but in the liberal arts as well. The sin can be committed in history as easily as in geology.

Educators understand this, but young men planning to enter industry do not, as a rule. Their minds are on the main chance. They want jobs, and they are still under the naive impression that they will be hired for what they know.

They are usually too immature to sense that discerning management is much more interested in their proven capacity to learn after they will be on the job, and their courage to tackle something for which they have not been trained, than in the facts they carry in their heads.

In certain companies, a young man who does his job brilliantly is irrevocably locked in.

In my own case, chance plunged me into the steel industry without warning. Looking back from the high plateau of retirement, I am glad it happened that way. Had I even dreamed that steel might be my career, I would have concentrated on metallurgy, chemistry, mechanical engineering, and geology, and would have missed Shakespeare, philosophy, economics, prose composition, public speaking, and law. No amount of technical training, for example, would have served to help me play my part in dealing with the labor problems of my generation; but law, and learning how to speak and write the English language, did.

The young man who knows but one subject, even though he has completely mastered it, takes a frightful risk when he applies for his first job. He may be handcuffing himself into a situation where the future is limited, from which there will be no escape. He may rise rapidly at first, only to hit a ceiling which he cannot pass. Or he may have chosen a specialty that will eventually lose importance because of the changes that come in industry.

Just as a matter of sheer prudence, it would seem to be safer to sign on as a utility infielder who can play any base and hit a long ball against all kinds of pitching, than to be the best shortstop and able to hit only a pitch that is low and outside.

This may explain why a man with almost no formal education occasionally goes straight to the top in business. Because he was forced to leave school early, he values the education that he lacks more than do some that have it. He is determined to learn, and he gladly accepts whatever challenge the day brings. Precisely because he is expert in nothing, he tackles everything. He never gets tagged as a specialist. He gains breadth of experience and depth of understanding. His superiors are watching him, and because they perceive these qualities, new doors of opportunity continue to open out to him which would have been closed had he stayed in one groove.

From the point of view of the company, this modern passion for the proliferation of specialists, and the subdivision of business into watertight compartments, goes straight to the heart of sound administration. Breadth at the top cannot be built on a foundation of narrowness at the bottom. When death or resignation or retirement remove a responsible officer, his place cannot be filled by trying suddenly to make a generalist out of a specialist.

Wise and effective leadership is practiced only by those who have overcome, as far as humanly possible, all limitations of the mind. Management functions within no single frame of reference. Its scope is as wide as that of the whole operation, as broad as life itself. Whatever constricts the mind must be overcome. As the ladder of responsibility is climbed, each successive step demands more and more flexibility of intellect, more and more capacity to comprehend divergent forces, and more and more power to correlate them into a unified whole.

In the last analysis, only the man himself can correct and overcome the imbalance of performance that specialization creates. Only he can undertake and achieve the broad cultivation of the mind that brings the wisdom, the tolerance, and the intellectual fortitude which are the hallmarks of distinguished industrial leadership.

Industry, however, can play a very significant part in restoring balance if it will lift its own sights and make it clear both to educators and to students that unrelieved specialization is considered a liability and not an asset.

Changed methods and new techniques may have to be devised for college recruitment. Personnel officers must put new emphasis upon general qualities, and when choosing specialists must favor those who have demonstrated in their preparation for life a marked capacity for breaking out of the limitations which their studies have imposed.

Industry must, of course, have special skills—now more than ever. But they should be grafted on to a broad base of wide outlook and general understanding. This means that at some point in his career each ambitious young man must consciously and earnestly undertake the broad cultivation of his mind. A general education, however acquired, has become indispensable to advancement in business.

The best answer for the young man who aims high is to complete a full liberal arts course first and then go on to his chosen field of special study. The opportunities and demands for competence and talent being what they are, there would seem to be no reason why the period of his preparation should not receive as many years of effort and sacrifice as those required of a surgeon.

Where this is impossible, there are two alternatives. Either the young man graduates in the liberal arts, and pursues his specialty later on, after employment, or he reverses this, taking his specialty in college and going on to general studies after employment. The first method works better than the second, but either will do. Certain it is that from now on ultimate success in the business world will be in direct ratio to breadth of education and training.

Breadth at the top cannot be built on a foundation of narrowness at the bottom.

Business must learn this: Every general should be a sharpshooter if possible, but the fact that a man qualifies as a sharpshooter is no indication at all that he can become a general. END

A PRESIDENTS' PANEL REPORT

Presidents View Executive Pay

$ *Today's competitive pressures have forced a change in industry's approach to executive compensation*

$ *More potent incentives, greater security for key men—these are the big trends among top companies*

REWARD for a job well done, incentive to inspire future accomplishment—not even the Communist dictatorships have discovered a way to produce worthwhile human endeavor without them. In a country that prides itself on the fairness of its system of free enterprise, the problem of how to reward and motivate top business executives is especially complicated—complicated by the pressures of competition and public opinion, by the confiscatory realities of high tax rates and, in the post-war world by inflation.

Today, executive rewards and incentives are two of the most controversial subjects in American management circles. During recent months, one or another facet of top management compensation has drawn the scrutiny of stockholders, financial columnists, the labor press, and the SEC.

Now, after taking a fresh look at compensation policy and practice in their own companies, members of the DUN'S REVIEW Presidents' Panel have spoken out frankly on the real problems in getting and keeping top-flight men for the top jobs, and on their personal philosophies of executive compensation.

The average Panel president heads a company that employs more than 10,000 people in plants scattered across the United States and sells more than $185 million worth of goods each year—goods which, among Panel companies, range from precision instruments to candy bars and encompass every significant area of manufacturing in America today.

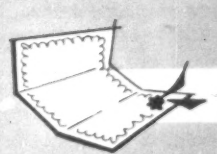
These presidents, representative of America's top industrial companies, report that they face three major problems in connection with their executive compensation programs today:

- Finding an equitable yardstick with which to measure performance
- Finding incentives that really spur
- Devising rewards and incentives which safely bypass the confiscatory upper reaches of the graduated income tax.

Almost 70 per cent of the Panel members report that their own companies now use a form of executive incentive that has lately drawn much public attention—the stock option plan. Half of these programs—which in many companies are regarded as a special incentive device rather than as a part of the regular executive compensation package—went into effect within the past five years.

Yet only a little over a quarter of the presidents personally consider stock options the most effective single type of management incentive. Profit-sharing plans and bonuses keyed to profits or individual performance

The All-Important Extras



OF THE PANEL COMPANIES,

68% OFFER STOCK OPTIONS

29% PROVIDE PROFIT-SHARING

47% GIVE BONUSES

have almost as many adherents, although only half the presidents report their companies give bonuses and less than a third have profit-sharing plans. These three devices are combined in various ways by many corporations to provide immediate reward, specific incentive, and a lighter tax burden.

Many of the chief executives point out that the capital gains advantage a stock option plan offers must be weighed against inescapable disadvantages. Forty-one per cent of the Panel members cite stock market fluctuations in this connection, and one chief executive notes that even a rise in the market can hold peril as well: "If stock advances considerably, executives may be enticed into disposing of their interests."

Under most conditions, however, the advantages both company and executive can gain through a stock option program are substantial. Nearly half the presidents state they believe their option programs have a constructive effect on company earnings—and most particularly on long-term growth. Twenty-seven per cent think their major advantage lies in the attraction of capital gains for men in the high-tax bracket.

Some 15 per cent of the presidents consider stockholder criticism the prime disadvantage of stock options. "Some shareholders object to them in principle," notes D. C. Minard, president of The Trane Company, La Crosse, Wis. But he adds, "We think a well-thought-out option plan offers many more advantages than disadvantages."

Many companies offering stock options as an executive incentive frankly expect their key men to invest a substantial portion of their personal estates in company stock on a long-term basis, both as a means of maximizing their incentive value and as a token of the executives' personal commitment to the company. Almost 70 per cent of the presidents report that members of their executive teams have increased their stock ownership in the company during the past five years. Top executives now hold or directly control an average of almost 15 per cent of the stock in those companies which are not family-owned corporations.

Some Philosophies of Executive Compensation

There are basically two different types of executive: the administrator and the entrepreneur. Because of his inherent restlessness and drive, the entrepreneur type is far more valuable, and incentive compensation should be directed particularly toward retaining this type of business builder.

—CHARLES T. ZAORAL, *New York Air Brake Company*

Pay executives so well that they have no financial worries in terms of maintaining a proper standard of living, give them challenges, and then expect *all* their time and thought in return.

—*president of a large industrial products company*

Each member of the top executive team should have specific objectives and criteria of successful performance spelled out for him—and not only in terms of sales volume and dollars of profit. Additional compensation should be paid on the basis of the degree to which performance exceeds objectives.

—F. P. RYAN, *Royal McBee Corp.*

I believe in adequate compensation—but with a full awareness that "fat cats go to sleep while hungry cats hunt!"

—EDWIN L. PARKER, *A. G. Spalding & Brothers, Inc.*

Two key points must be observed in stimulating key executives to top performance. The first is well thought-out objectives for each participating executive. The second is flexibility in applying various compensation elements, so that rewards can be adapted to individual situations and needs.

—JOSEPH A. GRAZIER, *American Radiator & Standard Sanitary Corp.*

Very few good men are ever paid too much.

—O. WILLIAM CARPENTER, *Chain Belt Company*

Accent on the extras

Reflecting top management's growing preoccupation with incentives, there has been a distinct increase over the past five years in the ratio of extra compensation to base salary among the top management group of Panel corporations, despite a number of companies which have moved in the opposite direction. In 1955, additional earnings from all sources—bonuses, stock bonuses, stock options, profit-sharing, and other plans—averaged 20 per cent of base salary. Today the over-all average is 25 per cent.

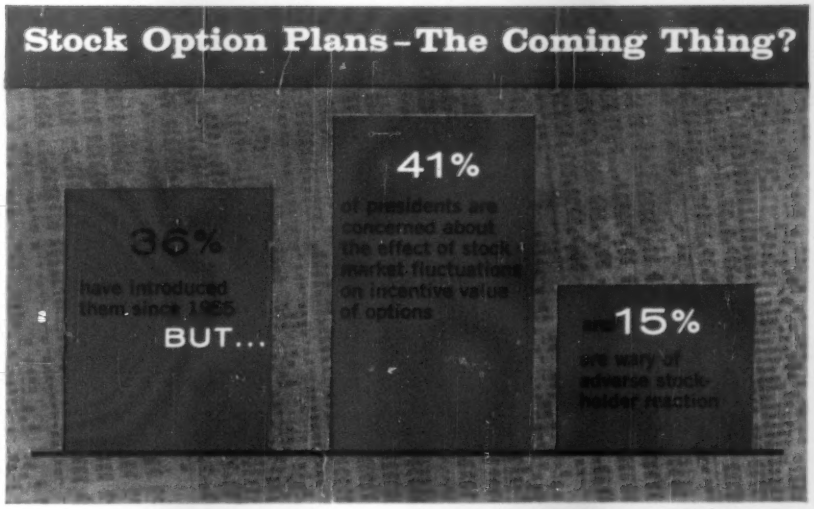
Salary, of course, is the first consideration of any company that has decided to take an over-all look at its executive compensation policies. The major problem, here, in the view of the industrial leaders who comprise the Panel, is how to guard against inequities that might vitiate the purposes of the whole program.

The exact value that management places on any given executive function—and hence the price-tag that's attached to it—varies in response to economic conditions, changing corporate objectives, the impact of new technology on business operations. And, as it varies, the balance of compensation among executives on the upper management levels is bound to be affected.

Today, the presidents agree, some management functions are often overpaid, and a corresponding lack of appreciation is shown to men in other

important jobs. There is little agreement from industry to industry on where these inequities are to be found. In general, though, marketing seems to be top management's leading candidate for the function most likely to be overcompensated today. For every Panel member who thinks top marketing executives are not being given their due, there are fifteen presidents who say they receive too much.

On the other hand, the presidents, by a two-to-one margin, consider production heads underpaid, and the same goes for the top industrial relations man.


Stock Option Plans–The Coming Thing?
36%
have introduced them since 1955
BUT...
41%
of presidents are concerned about the effect of stock market fluctuations on incentive value of options
15%
are wary of adverse stockholder reaction

The presidential price-tag

What about the president's pay? Two-thirds of the Panel emphatically agree with Clarence B. Randall that "a warning light should flash" if the president of a company receives 50 per cent more than the officer next in line. Says Edwin L. Parker, president of A. G. Spalding & Bros., Inc., Chicopee, Mass., "Any president needs stronger back-up men than such an unfair policy would buy." Other presidents share his view—and in fact, almost 40 per cent of the chief executives report that their companies have narrowed salary differentials among members of the entire top management team during the past five years.

The president of General Electric, Robert Paxton, speaks for many of the presidents who don't accept the idea of setting a flat maximum rate for the top company executive. He states: "I do not believe in arbitrary rules that act to limit the flexibility needed for special situations." Adds William H. Bateman, president of Symington Wayne Corp., of Salisbury, Md., "It is purely a question of the relative values of services, based on ability, responsibility, and achievement."

All the signs point to a tight market in executive talent during the years ahead. The twin forces of growth and competition will boost the demand for capable executives faster than the supply will increase: While the U.S. workforce will grow younger, and the consumer population will become heavily weighted with the young and the very old, the number of men of top executive age—45 to 64—will grow only moderately. Not until 1975 can U.S. industry expect the pressure in the executive marketplace to ease.

Despite these pressures, 83 per cent of the presidents report that their companies have experienced no increase in executive turnover since 1955. They are evidently well satisfied, too, with the effectiveness of their compensation programs from the incentive point of view: Well over half are contemplating no major changes in the next few years.

Death and taxes are the inexorable realities prodding the companies which think their plans need revision: 30 per cent of them will concentrate on increasing insurance benefits and providing retirement funds so that former top men need not drain their estates during their final years.

Deferred compensation plans, including deferred profit sharing—already of increased significance in the majority of Panel companies—will be introduced in a third of the corporations now drawing up new programs. Carlyle F. Barnes, head of Associated Spring Corp., Bristol, Conn., points to the key reason: the difficulty of building an estate out of current income. Says he: "With a younger management team, deferred compensation will become increasingly important. Without it, the taxes would be too high."

Overwhelmingly, the Panel presidents believe that money alone—whether in the form of salary, deferred compensation, or special incentives—isn't enough to attract, motivate, and hold a first-caliber executive.

Asked to name the intangible factors which in their own companies seem to have the most powerful effect on top management performance, nearly three-quarters of the corporate chiefs mention the professional challenges and opportunities provided in executive jobs. Close to one out of three cite the work environment, the "organizational climate." A fifth believe job satisfaction plays a major role, and the same number call security the prime intangible. More than a tenth also mention "prestige" or "title."

Minor theme or siren song?

How attractive are these intangibles compared to the solid clink of money? One president, Edmond P. Severns, of the Continental Steel Corp., reports: "Over the years, a number of our executives have turned down offers carrying, in some cases, substantially higher monetary compensation. I am convinced that nonfinancial factors are frequently more important to an executive than monetary compensation."

Only a few of the Panel members would echo his conviction so strongly, though several believe that the opportunities, the atmosphere, and the security a company offers are sometimes as persuasive as money in the eyes of top executives. Says F. P. Ryan, head of Royal McBee Corp.: "If representative salary levels are achieved, the company 'climate' can have a greater impact on performance than most, if not all, financial incentives."

But the majority of the Panel presidents agree with Lysle E. Pritchard, head of American Chicle Company. Says he: "Money speaks loudest by far." END

An exclusive

DUN'S REVIEW AND MODERN INDUSTRY

interview

David Rockefeller Speaks Out on Recession

THERE WAS a nip of business pessimism in the air on the day David Rockefeller was interviewed. It was particularly discernible in the streets of New York's financial district, where the central offices of the Chase Manhattan Bank are located.

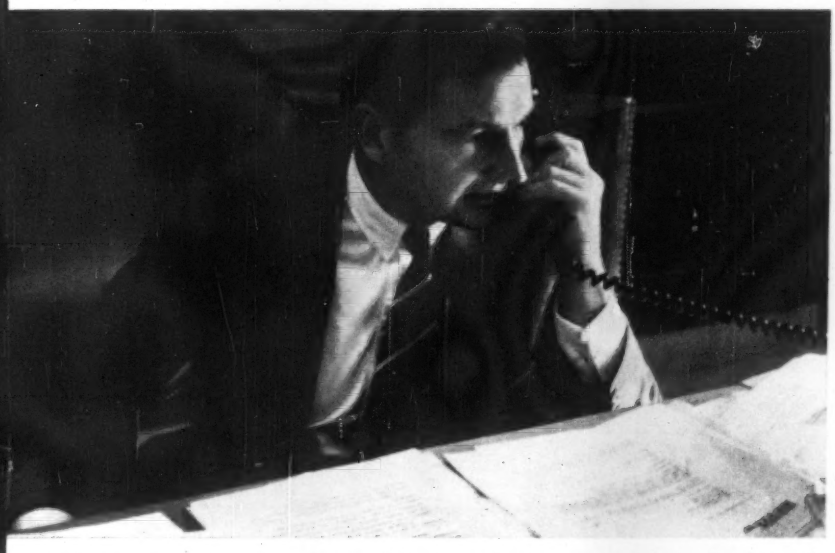
"How great a role do you think psychological factors—the chain reactions of worry that set in—play in actually creating a recession?" Rockefeller was asked.

The 45-year-old vice-chairman—and soon-to-be president—of America's second largest bank settled easily in his swivel chair and smiled. "I think they're important in *all* phases of the business cycle, but that they contribute more in accentuating the phases than in generating them. The forces which cause production to grow and then contract are more structural than psychological. You come to the end of a period of expansion, and a series of forces is set in motion which produces a reverse trend."

Recently several business leaders have advocated increased, rather than decreased, spending for new plant and equipment during economic downturns, arguing that this would stimulate the economy and could be done at less cost at such a time. Rockefeller, however, has reservations:

"Actually, I think one reason that since the war the peaks have been less high and the troughs less deep is that business men have been planning capital expenditures further ahead and have wisely continued with long-

The next president of New York's Giant Chase Manhattan Bank takes a moment off from contemplating the complexities of the economy.



"We're beginning to do a better job of marketing our services. In the past, bank officers didn't always study the problems of the customer's company."

range projects despite short-term fluctuations. Now whether they should actually accelerate spending in a recession depends on, you might say, their courage—but also on their financial possibilities. It would require more liquid funds than many companies have when profits are off.

"But a period of declining demand certainly presents an excellent opportunity to do some belt-tightening and soul-searching, and also to find out whether there may not be new types of equipment which would cut costs.

"More thought also needs to be given to modifications in our tax structure which will encourage a higher rate of business investment."

The banker gets the blame

Asked whether—regardless of the economic climate—industry is taking full advantage of the services banks now offer, Rockefeller engagingly replied that probably the banks are at fault if it isn't. "We're beginning to do a better job of marketing our services. But in the past, bank officers often made 'cultivation calls' which did little more than take up the time of the corporate treasurer. The bank officer didn't do his homework. He didn't study the problems of the client company, and he didn't know what to suggest. Now we're beginning to realize this is neither fair nor constructive, that we should know our customers' problems before making calls."

"Isn't there anything industry can do to improve this relationship with the banks?"

"Oh, yes," Rockefeller answered with a laugh. Then, turning serious once more: "I think that corporate treasurers, particularly in periods of higher interest rates, have been tempted to keep lower and lower balances with the banks, putting their surplus funds into Government bonds or other securities. Up to a point, this is prudent and proper. But carried to an extreme, it could have a very serious impact on the banking system, which depends on deposits to make loans. It's a question of an ongoing, permanent relationship. Some corporate treasurers handle it very well. Others are a bit too eager to make the last penny, and ignore the sensitivity of the relationship between a bank and an industrial customer."

Rockefeller has several times commented on changing conditions in the business world which will have a pronounced influence on top management in the years ahead. The increased importance of the institutional investor, will, he has predicted, have a definite effect on management policies.

"The impact is likely to be an indirect one," he noted. "I'm sure the managers of large institutional funds won't interfere directly with corporate management. But they are going to look beyond the balance sheet, and if they're not satisfied with the caliber and progressive outlook of management, they're going to stop investing in the company. And if management finds the sophisticated investor is becoming disenchanted, it's going to have a look to see what is wrong."

Management of the larger companies, he pointed out, must realize that the more complex a company's operations, the greater the need to decentralize. But he made an important proviso: "The more decentralization there is, the more you need effective centralized controls."

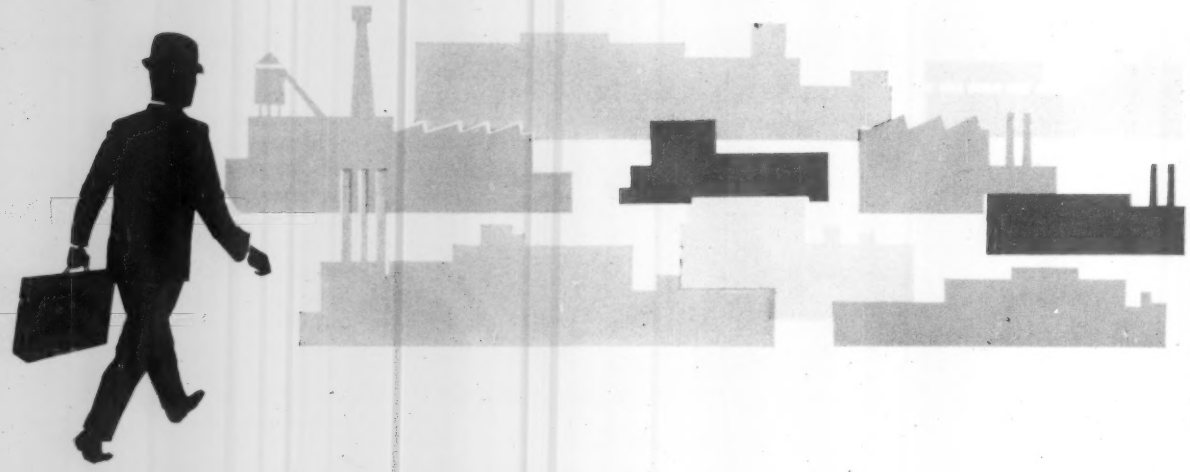
"I think that's the key role of modern central management," Rockefeller said. "To have a system which keeps the top men posted on what's going on all over the company. They must specifically delegate authority and accountability in certain areas, but they need a perfected system of communications, with excellent reports on both operations and personnel. Then, if they feel the authority they've delegated is misplaced, they can take corrective action quickly."

"We've been told American business must improve its 'image' abroad. From your own experience in Latin America, Mr. Rockefeller—and from your experience in the banking industry, which has done such an astonishing job of recasting its image in a friendly mold—would you have some pointers which companies operating overseas might follow?"

"I think there are two things that will help—more partnership arrangements with foreign companies, rather than 100-per-cent subsidiaries, and a real effort to show more understanding of other countries. I firmly believe the best public relations campaign is behaving well and doing the right thing.

"Certainly so far as the top executive is concerned, the broader his knowledge—not only of his industry and its technology but of the history and culture of his own country and of world problems—the more effectively he can integrate his company into the total complex of society.

"I place a great deal of importance on a broad, general education and background for people who are or are expecting to be corporate leaders," Rockefeller concluded. "It doesn't substitute for basic integrity and understanding of human nature, or for technical skills, either, but I think this other side—the 'breadth' side, you might say—hasn't been stressed enough. And it seems to me very important." —PATRICIA H. DURSTON



Keying Sales Calls to Profits

» *Are you exercising tight enough controls over your salesmen's activities?*

» *Before you say "Yes," look at what these companies are doing to boost net profit per call.*

A CLASSIC story tells of the junior salesman who wired his manager that there were ten other salesmen ahead of him in the buyer's office. Came the answer: "Keep going. There are 200 behind you."

Nowadays, that sales manager is more likely to rush to his files, check the customer's potential, and reply: "What are you doing there in the first place?" Or, "Move on. It doesn't pay to wait."

Competition and costs are combining in today's market to make the individual sales call a sizable investment which no company can afford to treat lightly (see box on page 43).

Companies determined to know—and control—the mileage they get from their rapidly shrinking marketing dollar are asking themselves:

- How much does each of our sales calls cost?
- Are we calling on the right people?
- Could we get as much or more business with fewer calls?
- Are we directing enough (or too many) calls to prospects?
- Are we squeezing the maximum selling time out of each sales call?

Most salesmen don't value their own time adequately. Being human, they tend to avoid an anticipated cold shoulder, gravitate toward a warm reception. A recent survey of over 700 salesmen showed that 64 per cent of industrial calls are made on the wrong people. Yet the majority of companies —83 per cent of 300 polled by the Sales Executives Club, for example—leave the decision on whom to see entirely in their salesmen's hands.

The few companies which do scrutinize sales calls find that the key to measuring them is: How much profit —not just volume—do they yield?

With profit a firmly fixed yardstick, a company can come up with sound, and sometimes startling, information.

Recognizing that more than 70 per cent of sales and 82 per cent of net operating profits come from roughly 10 per cent of its accounts, Ducommun Metals & Supply Company, Los Angeles, keeps an iron grip on its men's time. As a result, according to general manager James J. Shelton, "Ducommun salesmen are becoming not only sales-minded but profit-minded." The company, he says, is enjoying more sales, lower expenses, and a much larger operating profit.

"Our sales call control program," Shelton explains, "is just a part of our over-all marketing concept of having our salesmen concentrate on selling key lines to major (and potentially major) accounts."

To see to it that salesmen do just that, Ducommun draws up a profit and loss statement for each account, based on its sales record with the company, a profit and loss statement for individual salesmen, and a profit and loss statement for each product line.

Armed with this information, Ducommun swings into supervisory action on several fronts.

1. It sets a mandatory minimum of once-a-week calls on major and potentially major accounts in the key lines. (About 85 per cent of the business comes in over the telephone, but Ducommun finds that total sales drop

off immediately if a salesman neglects his regular calls.)

2. It uses compulsory planning. Each salesman, with his sales manager, decides in advance of every call which products he'll sell, what type of order he'll try to get—and what the gross and net profits will be.

3. It insists on a fixed travel schedule for the five sales managers, who must travel a full week with each salesman at least twice a year to be sure he is spending enough time on major accounts.

4. It provides for the "mother-henning" of each product. Four product managers and 30 product specialists urge salesmen to make more calls on good customers for their particular lines.

5. It sets direct quotas on major accounts.

6. Ties salesmen's compensation to the total net operating profit of each territory, rather than just to sales volume or gross profit.

Ducommun estimates that its salesmen spend hardly more than 30 to 40 per cent of their time in actual selling, and so the company is determined to get the most out of those precious hours.

Another company that took a long look at its sales figures is Johnson & Johnson, New Brunswick, N.J., which found that 10 per cent of drug outlets do 33 per cent of the business, and 5 per cent of food stores do 48 per cent of the business.

Moreover, the smaller potential accounts produced the greatest number of calls without interviews, the lowest ratio of orders to calls, and the highest percentage of call-backs. Studies of the poorest territories showed that salesmen were spending as much time annually with small accounts as with those that had a high volume potential.

J & J's self-administered prescription: Classify all customers and prospects as "Select," "A," "B," and "C" according to annual estimated potential (using such criteria as number of check-out counters, square footage, number of employees, and so on). The company then arrived at average time-per-call estimates: 75 minutes for a "Select" account, 60 for an "A" customer, 40 for the "B's," and 30 for "C" outlets. Next, J & J evolved a chart showing the number of sales calls per year recommended for each type of account.

Within this framework, each man still sets up his own schedule. He is allowed to deviate from the theoretical 100 per cent approach—with his manager's approval.

Over-all results, according to H. M. Poole, Jr., vice-president in charge of general line sales, are that "turnover volume for all accounts has actually increased."

It pays to probe deep

Even a one-shot job of sales-call analysis can solve a specific problem. Some time ago, GE's Lamp Division created three new departments, each with its own marketing staff, to replace a single sales force offering all products.

The question was: How many additional salesmen would be needed? Supplemented by operations research people from the Case Institute of Technology, a GE task force plotted dollar volume against number of calls and found that more calls didn't increase dollar volume.

Conclusion: The accounts were already saturated with sales calls and, in fact, calls per year could be reduced without changing dollar volume. But how sharply?

To find out, GE correlated changes in dollar volume for the current year with changes in the number of calls for each of the preceding ten years. It found that certain customers who had received more sales calls in one year than in previous years did not buy more. It might have been simply that salesmen were calling more often on large accounts because it gave them a feeling of sure accomplishment. Certainly the average salesman could have carried substantially more accounts without affecting the sales volume per customer.

Result of the study: No new men needed at all. The existing sales force was more than adequate to handle the increased number of accounts created by the reorganization.

Harris-Seybold Division of Harris-Intertype Corp., which manufactures printing presses and power paper cutters selling from $6,000 to $400,000, grades prospects as carefully as customers.

To do this, a special task force set about:

- Classifying every customer and prospect (see box on page 44)
- Establishing a minimum-call frequency for each account grade
- Determining a realistic work load for each sales territory.

To test the validity of the gradings and appraise the value of the system, Harris-Seybold figured what percent-

What Do You Pay for a Sales Call?

Few companies bother to estimate the actual cost of a sales call. When they do, often as not, it's to titillate themselves or to provide ammunition for sales meeting orators.

In the past two years, several attempts have been made to calculate the cost of the average call. The Sales Executives Club got a composite figure of $18.92 from more than 300 industrial companies; the Laboratory of Advertising Performance set it at $22.33 (an increase of 59 per cent in ten years), and still another survey came up with a sliding scale depending on salesmen's earnings: $13.13 for a $12,000 man, $19.69 if he makes $18,000, and $26.26 for a $24,000 man.

Of the individual companies which compute sales-call costs, American Cyanamid estimates the range from $9 in one department to $64 in another. Ducommun Metals & Supply Co., Los Angeles, which administers unusually tight controls over calls (see story) figures the tab at $4.67 apiece counting only out-of-pocket expense, $26.40 if they throw in internal overhead.

Worthington Corp., Harrison, N.J., feels that since its entire marketing effort is channeled through the salesman, he should be charged with advertising, promotion, field office, and headquarters expense. Computed thus, Worthington's average cost per call is $69.

How to Rate the Customer

To appraise sales calls effectively, a company must first realistically size up its customers and prospects.

"How much business can they give us?" Without a fairly accurate answer to this question, there's no way of telling whether sales effort is being spent to best advantage.

According to Al N. Seares, New York management consultant, retired vice-president of Remington Rand, Inc., and a past president of National Sales Executives, sources of needed data fall into three groups:

- EXTERNAL SOURCES
  - **Federal Government**
  - **States and municipalities**
  - **Trade associations**
  - **Business and consumer press**
  - **Statistical and business information services**
  - **Banks and utilities**
  - **Market research organizations**
  - **Directories**
  - **Direct mail organizations**
- INTERNAL SOURCES *(call reports and sales orders)*
  - **Account information**
  - **Competition's efforts and inroads**
  - **Inspection and/or service information**
  - **Product applications**
  - **Order frequency, dollar volume, and line distribution**
- SITUATION OR APPRAISAL REPORTS *(by on-the-scene salesmen and home office researchers.)*

The test of these data, assembled at infrequent intervals, is: Does it relate to the prospect's ability to buy a specific product? Says Seares: *"An appraisal report for a paint company and an office equipment company dealing with the same cotton mill would be entirely different. The former would cover such things as: area of buildings, area requiring exterior paints, areas of weave rooms, cloth rooms, and so on, maintenance policy, number of houses in mill village. All this would indicate usage of paints by types. The office equipment organization would be interested in the total number of employees as compared with supporting office personnel; the approximate areas of the office in private and open areas; and the quantity and type of equipment by department."*

age of the past year's purchases had been made by large, medium, small, and very small accounts. Results were encouraging, and management is convinced that it now has a realistic method of relating time and expense to potential sales.

The company serves up all this information to salesmen in a "call directory" for each territory. The directory lists, by group size, all customers and prospects and the planned-call frequency for each.

Each salesman also gets a quarterly "account coverage summary," reviewing activity of each account. This is intended to serve as a red flag to signal when a given customer has been called on too much or too little in the period. It also lists cumulatively, for each account, all calls for the current twelve-month period.

By the end of the year, using the call-plan schedule, Harris-Seybold salesmen had more than doubled the number of their sales calls.

As Harold W. Beder, Jr., the company's director of marketing, sees it, the plan gives management controls to insure adequate call coverage of accounts, keeps the salesman aware of his own performance in a way that indicates how he can improve it, and provides flexibility in adjusting territories to meet changing work loads.

Even the conventional route slip and call report can be used effectively to force salesmen to husband their time with meticulous care.

Indian Head Mills, Inc., figuring that its average salesman was spending only 25 per cent of his time with customers, designed special route slips and report forms for its 21 Finished Products Division salesmen. With the route list, each salesman informs headquarters two weeks in advance where he'll be and whom he plans to see.

The weekly call report carries, in addition to the usual information, questions on such matters as what was said during the call, and the salesman's plans for following up. Printed on the back of the call report is a list of basic objectives for the territory.

These reports go not only to the sales manager but to advertising, merchandising, and sales promotion executives as well. With such an audience looking over his shoulder, the salesman has a real incentive to follow through on the promises he has put in writing.

Although Indian Head has no mandatory number of daily calls, it does have a system of control accounts—the most important wholesale and retail customers in each territory—and publishes weekly reports on each.

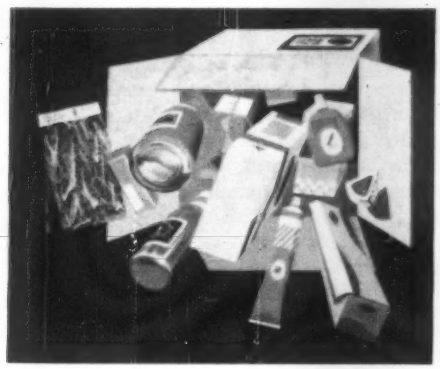
Topping it all off is an analysis made every few years of territorial coverage by customer, city, and type of outlet which points up areas where salesmen can concentrate calls to greater advantage.

Companies that have started keying sales calls to profits underline three essentials:

- Classification of customers, in order to know where to concentrate
- A detailed reporting system that forces salesmen to get the habit of planning calls
- Rigid controls to make sure each salesman knows where he's going—and goes there.

Every company that's revamped its sales call pattern has found that at first salesmen balked at the very thought of such "regimentation." But they quickly came around once they proved to them that no one benefits more from higher profits-per-call than the caller himself.

—CLAIRE TRIEB SLOTE



To reap the full benefits of the $18.5 billion industry will spend this year on packaging its products, top management must have a stronger foundation for its package development programs.

Management's Big Job in Packaging

THE JOB of developing, testing, and procuring new packages has gotten so much bigger, broader, and more demanding so fast that the management of packaging, despite much improvement, has not yet caught up with competitive realities.

DUN'S REVIEW editors became keenly aware of this costly lag between profitable possibilities and actual practice while conducting two editorial round tables on packaging management and interviewing scores of knowledgeable executives in the field. The lag is also revealed by a new depth survey of packaging management conducted by Rensselaer Polytechnic Institute and sponsored by the American Management Association.

A DUN'S REVIEW sneak preview of the data gathered in the 1,000-company survey, to be published next spring, reveals that there were few formal packaging departments before 1940, and that most have been established in the past ten years. One pharmaceutical manufacturer that was spending over $6 million a year on

continued on next page

This Special Report was prepared under the direction of Senior Editor Melvin Mandell

Management's Stake in Packaging

Added sales, product protection, and reduced shipping charges are the obvious advantages of a first-rate packaging program. But before it can expect to reap these rewards, responsible management must stand off and get an objective view of what's needed—and why. Here are the questions it must ask:

- Do we "overpackage" our products, spending more than we need on heavy or bulky packages (which also add to freight costs)?
- Do packages and packaging materials take up too much storage space? Are they designed and ordered by plan to keep inventory down?
- Do we give our package designers enough lead time when we're introducing a new product, or do new items wait around the warehouse, far from customers, because we haven't yet the wherewithal to wrap them up?
- Are our packages designed to convey the corporate image with impact and originality?
- Is the packaging program coordinated from plant to warehouse to final customer—or do our packages get knocked about in storage, in transit, in distributors' stockrooms?
- Do our packaging people have an opportunity to keep up with the rapidly changing technology in their field?
- Have we taken a good look at our incoming shipments, to see whether improvements in our suppliers' packaging might lead to lower prices or reduced handling charges for us?
- Have we checked to see how much of industry's $18.5 billion a year bill for packaging materials and labor *our* company is paying? Are we positive we can't cut costs without cheapening that vital first impression the package makes on customers?

packaging did not even set up a packaging department until 1958, and a tobacco company now spending nearly $4 million a year on packaging still hasn't set up a department.

Incredibly enough, world-famous companies with products in every drugstore and grocery don't know how much they spend on packaging. Top management obviously has a big reorganization and upgrading job on its hands.

This doesn't imply that all companies must strive for the same high level or degree of organization in packaging. As Professor Donald Deming, the man who is supervising the RPI survey, puts it: "In packaging, the textbook on organization has been thrown out—and that is all to the good because of the variety of problems and the variety of people involved." Nevertheless, it is obvious that most companies are under-organized and too many simply disorganized when it comes to packaging.

A soundly managed packaging program begins and ends with top management. If the program is to be effective and worth the investment, top management must understand what exemplary packaging can do (see box above). It can then set enlightened objectives for its packaging program.

Unfortunately, many experienced packaging executives report that, aside from a minority of companies in such industries as tobacco, drugs, and foods, which are often more packaging than manufacturing, top management in manufacturing industry usually knows little about packaging, its problems and its potentialities. Outside of these companies, top management in consumer goods manufacturing is frequently unaware of what intelligent packaging does for sales. Such ignorance is more understandable on the part of industrial manufacturers, although there are growing possibilities in industrial packaging as well.

James Houle of American Viscose told one DUN'S REVIEW editorial round table that top management is rarely aware of what happens to packages and the contents of packages between the time they are filled and leave the plant until they get to the customer's hands. Many companies suffer heavy damages in returns, lowered sales, and retailer dissatisfaction because attractive packages are abused in storage and handling, or because the contents spoil in poorly constructed containers. Top management, he charges, is often uninformed of these heavy losses.

Kim Vasiliou, director of the Package Research Laboratory, contends that some managements consider the initial cost of the package as the total cost of packaging. They overlook the setting up, warehousing, filling, and sealing of the package, and the expense these processes entail. Yet, says Joseph O'Hanlon, RCA's packaging manager, "top management thinks of packaging mostly in terms of cost-cutting."

Topheavy inventories

Other experts claim that top management is unaware of steady losses that come with poor inventory control in packaging materials. Peter Schladermundt, New York package designer, gave an example of how unduly high packaging material inventories can inhibit progress: One company that manufactures components for furniture decided to bolster its direct-to-consumer sales of replacement parts. But after paying for design of a line of new transparent packages, with accompanying color-coded merchandising racks and point-of-sale displays, the company had to delay the new line for six months—until its swollen inventory of the old consumer packaging was used up.

Affecting expertness in packaging is another common failing among top executives.

For example, one packaging executive cited the case of a large producer of soap whose top management was sold on a fancy new outer wrapper that was "guaranteed" to build sales for one line of products. Without ordering any market testing of the new wrapper, or attempting to obtain the honest opinion of its own packaging department, top management ordered a year's supply of the more expensive wrapper.

"Packaging management" covers research, development, design, testing, market research, and procurement of packaging, and the training of packaging personnel. Since adoption of new packages may call for new or modified packaging machinery, packaging executives may be involved in the specification of such machinery. However, actual day-to-day packing

Before it could be used, costly modifications on packaging machinery were needed. At the end of a year, the company found that the new wrapper had not had the slightest effect on sales. Of course, it was quickly abandoned. But not until the packaging machines were returned to their original condition—at still more expense.

There is one area of particular top management ignorance about packaging. Few executives can answer one important question: "What do our customers think of our packages?" Yet there is plenty of evidence of resentment against many packages, both from consumers and supermarket operators. Consumers are particularly annoyed about difficulties in opening, grasping, and using packages. In addition, many believe that some packages "dishonestly" give the illusion of containing more than they do (see page 185, DUN'S REVIEW, June 1960). Meanwhile, supermarket operators rail against frail package construction and ungainly shapes.

If top management is often deficient in its knowledge of what packaging can do, who is going to educate it? Some of the burden falls on the packaging industry, and it is certainly in its interest to show top management the possibilities inherent in the field. But on a long-term, day-to-day basis, this big job of education falls on packaging management within the company. Again, it's a matter of self-interest—just as, considering the sales and costs involved, it's in top management's self-interest to learn.

Varying objectives

Once they understand the potential in packaging, what kind of objectives should company executives set for a packaging program? For products displayed and sold in the package, these objectives are obviously tied to sales, and many companies find it fairly simple to measure the effects of new packaging on sales, at least on a sample basis.

For an industrial manufacturer, or a company whose products are not displayed or merchandised in its package, the objectives of a good packaging program are often tied to reducing the costs of distribution and providing better protection for products in transit and storage.

Sometimes, merely defining these objectives will suggest cost-cutting possibilities. "Package" may mean only a shipping container to most industrial goods manufacturers, but it can also stand for a padded moving van or a big metal standard container which fits on trucks and flat cars, and which, given an ingenious designer, can double as an in-plant tote bin, storage bin, or test stand. For display at industrial suppliers, more and more industrial goods companies are also borrowing the clear colors and striking designs that have made consumer goods packages attractive to customers (see photos, pages 51 and 53).

The opportunities for cost-cutting in packaging are as diverse as the types of packages available. Although many packaging engineers see themselves cast in the role of scapegoat and resent the continual emphasis on saving money, companies that have well-organized packaging programs extending back many years have found that setting a primary objective related to cost is not necessarily restrictive. For example, top management at General Electric recommended that over a five-year period, beginning in 1959, packaging costs at GE be reduced 10 per cent.

Since a good packaging program will have widespread impact throughout the company, secondary objectives must also be detailed, and the precise organization of the program defined.

Since the postwar rise in popularity of management committees, many companies have tried this route to solving the problems of communication and coordination involved in packaging.

The most common form of packaging committee is the *ad hoc* group that is convened only when a problem arises. For the company with fairly stable packaging needs, this informal arrangement may serve well.

But companies with many packaging problems, or those which are reorganizing their packaging programs —like so many organizations today,

operations are generally a production, shipping, or warehousing function. This special report is aimed at the overwhelming majority of manufacturing companies that buy their packaging. Obviously, for the rare company that manufactures its own packaging, the package development, material and machine procurement, and organizational problems are different.

"When the package is expected to do more than just protect, you need top management to coordinate—to integrate packaging with production, distribution, and sales." —MYERS

"In many companies, packaging costs are comparable to the advertising budget, yet how many are as well-staffed in packaging as in advertising?" —KERN

"By and large, the managements of American companies have not come to full understanding of the management problem involved in packaging. It is a tremendously complex thing." —BARKER

"Your packaging man has to present top management coordinated information on all the aspects of packaging. He can only do it if he is independent of departments such as production, engineering, sales." —WHEELER

find that the *ad hoc* committee can rarely operate effectively or even, in some cases, get together at mutually agreeable hours. For this reason, a permanent packaging committee which has a regular time and place of meeting is most common. And if minutes are kept and forwarded to top management, attendance is high and the members more likely to come prepared to participate effectively.

Departmental membership of the committee varies, of course, from company to company, depending on packaging needs. Representatives of purchasing, product development, manufacturing, shipping or distribution, and sales (even in industrial goods manufacturing) are usually the core. If the company's packages are illustrated in advertising and other promotion, the ad manager takes part, especially if packaging is also expected to convey a corporate image. If technical problems are critical, a research representative is sometimes added. In companies producing foods, spirits, or drugs, where statutes affect labelling, it is also sometimes

continued on page 55

Hot Packaging Program at Bernz

Top management at Otto Bernz Company, Inc., is well aware of the value of a well-organized packaging program. Since it started offering propane torches to do-it-yourself enthusiasts in brand new packages, sales have shot up as much as 15 per cent on one item in a matter of months. One of the prime reasons for the success of the program is the interest and participation of top management.

A small company, this Rochester-based manufacturer of propane-powered appliances, cook stoves, lanterns, and torches has a permanent packaging committee, unlike most other companies of comparable size. The committee does not meet regularly, nor are all its members—from sales promotion, purchasing, production, and advertising—expected to attend every meeting. Sometimes two members of the committee concerned with a certain problem will get together.

The approach may be informal—no minutes are kept, for instance—but the committee knows top management has its eye on the program. It has registered a very high batting average in winning approval for its package designs.

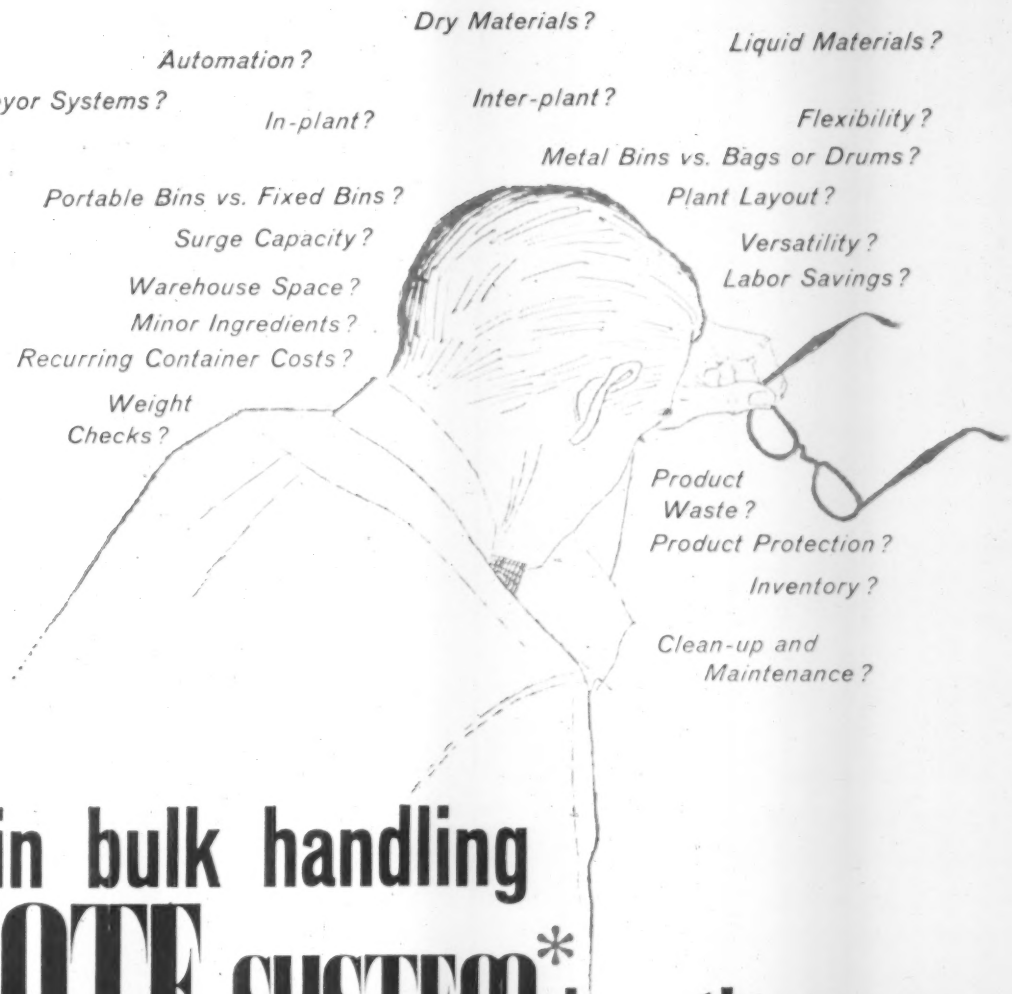
At present, the company's advertising manager, Fred Dittman, is chairman of the committee, but he shares operating responsibility for package development with the sales promotion manager. Both men report to the vice-president of marketing. Packaging is a "natural" responsibility for the advertising manager in this company, since he also develops point-of-purchase displays, and exhibits for trade shows.

Dittman and his assistant now spend about 10 per cent of their time on packaging, and he expects that more of the day-to-day responsibility for packaging will be concentrated in his department.

The company does not have any package designers on its staff. It used to rely on an advertising agency for package development, but now a New York package design company, Robert Zeidman Associates, handles the jobs for consumer products as they come up.

No attempt is made to dress up the shipping containers for the company's industrial products. The committee chairman and the company purchasing agent deal with packaging suppliers. The chairman also performs "adequate" market research, as well as a breakdown of sales increases to find out where they can be attributed to new packaging changes.

SAT DOWN ON JOB: *The Otto Bernz Company was dissatisfied with its packaging for a three-item line of propane torches for home and shop repair needs. Although the old package (left) had a large cellophane window and plenty of color, it did nothing for sales. A market study disclosed that the packages were mostly displayed piled and stacked, which covered the window. The new package was designed to stand up or hang on display racks. A picture panel illustrates the torches' many uses, and prices are now marked on a tab that can be removed if it's a gift.*



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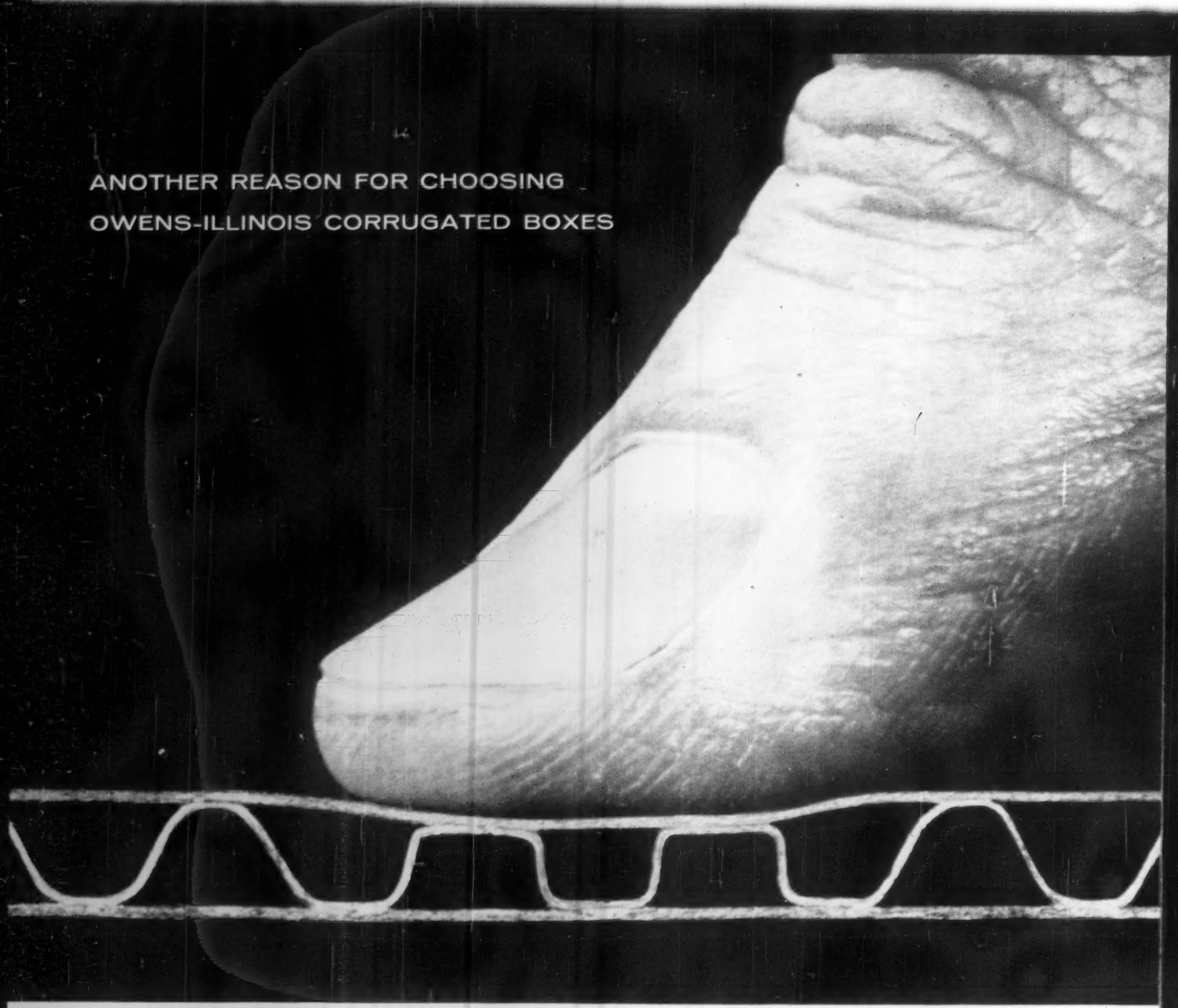

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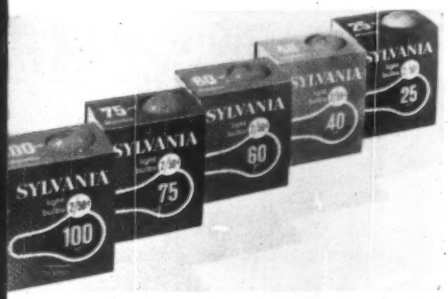
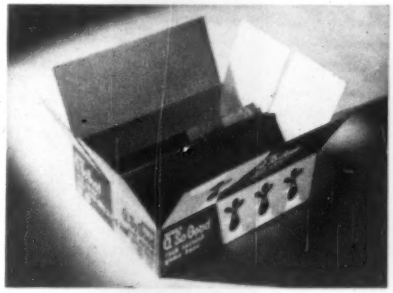
New Ideas in Packaging

TRIPLES PRODUCTION: *Inserting the liners in corrugated drums at Cotto-Waxo Company used to be a headache. Now the polyethylene liners come on a roll, supplied by Bemis Brothers, perforated to size. The operator pulls the liner off the roll onto a dummy cylinder, which drops into the drum.*

SOFT SELL: *To make its product stand out amid the glare of hard-sell packages, Butter-Nut Foods commissioned Gould & Associates to come up with a subtler approach. The resulting carafe-style jar, made by Owens-Illinois, has met with enthusiastic consumer reception.*



COLOR-CODED: *Replacing the traditional soft corrugated yellow sleeving for lamp packaging, these new paperboard containers for Sylvania light bulbs are color-coded to help the clerk or customer find the correct size easily. This line was designed by Lippincott & Margulies.*



QUICK TRICK: *Premium rates are charged for small packages in commercial cold storage, so Vines Poultry Company used to strap together its boxes of 12 Rock Cornish hens—a nuisance when retailers called for a dozen. Now this Mead perforated split-apart does the trick.*

MUTED COMMERCIAL: *The new Benson & Hedges package (right) comes with a cellophane overwrap that carries the brand name in the boldest type face. When the overwrap is removed by the purchaser to get a cigarette, the bold name is discarded.*

PIERCING THE IRON CURTAIN: *The plastic tube at the right is the first package ever designed by an American using American materials for a Communist "company." At the urging of the Department of Commerce, Peter Schladermundt designed the vinyl package to be filled with a Polish brand of cold cream on Saga packaging machinery at the recent Poznan Fair. The packaging section of the U. S. exhibit was the hit of the show. Later, "Snow of the Tatra Mountains" was retailed successfully throughout Poland in the new vinyl tube, which replaced the old tin tube at the left.*

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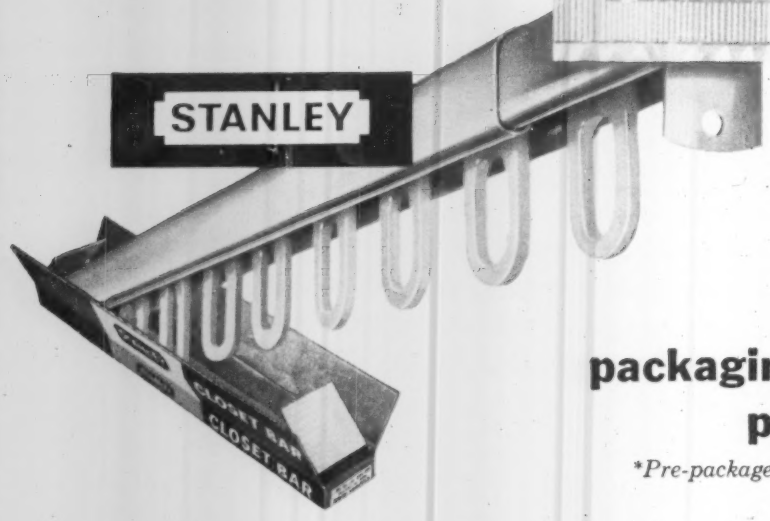

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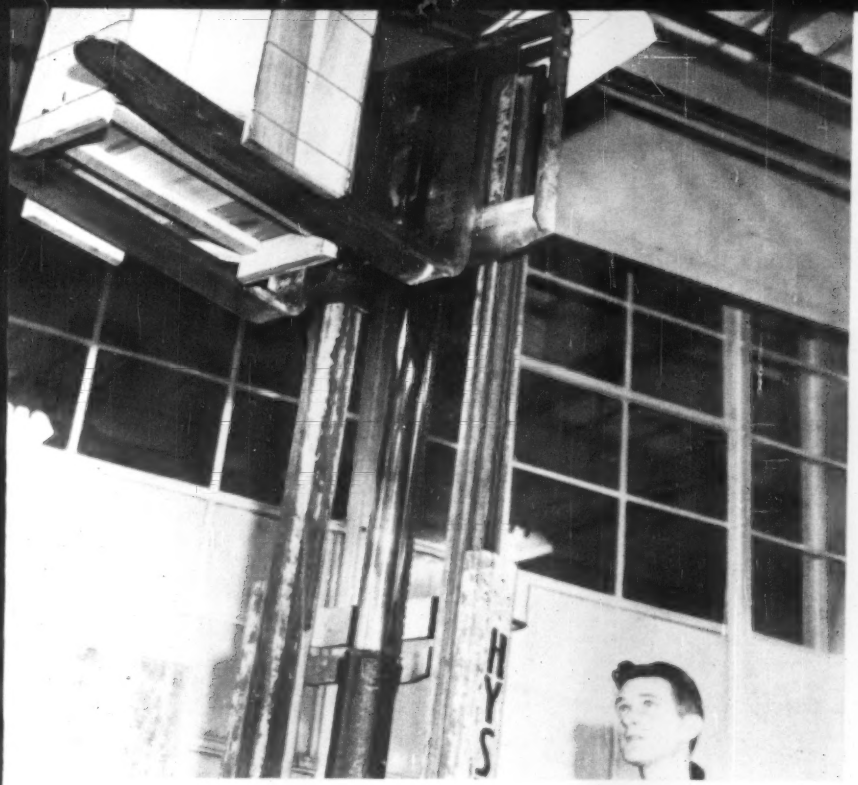
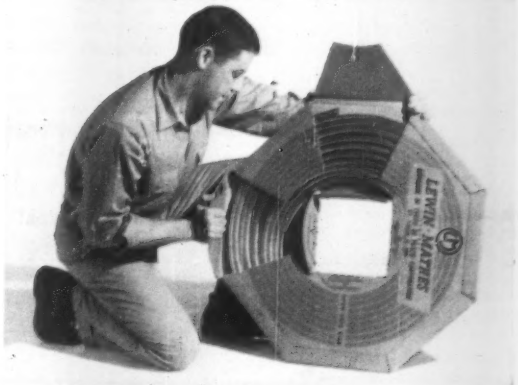


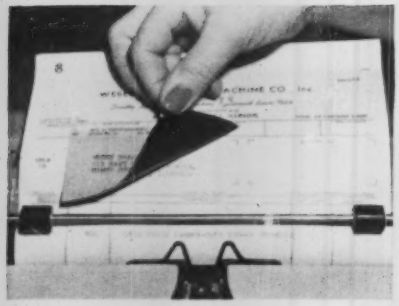
ALLEY OOP! *The built-in pallet base for this returnable 55-gallon container for chemicals and other liquids makes it a snap to handle with a fork-lift truck. The wirebound composite shipper was developed at the Package Research Laboratory.*

SLEEPER: *The nursery rhymes on the Hanes infant-wear packages mostly make the retailer's cash register chime. Designed by the Mead Corp. for easy inspection of the contents by customers, the packages also eliminate the need for expensive gift wrapping by the retailer.*

SHINING PROGRESS: *Greater convenience and less mess are offered by two different companies in shoe polish packages. Shoe-Sheen Products Corp., New York, has developed the squeeze-to-use polyethylene tube at the left with a porous urethane foam sponge applicator that could be applied to dispense many other liquid products. The polish applicator on the new Johnson squeeze bottle (right) is a wool ball. This line of packages was market tested for eight months before general introduction in October.*



NO STRAIN: *Opening the old (left) Lewin-Mathes container for coiled copper tubing was work for even a strong man. Perforations make opening of the new package a matter of seconds.*



WEBER "TAB-ON" STENCILS can be integrated with any and every type of order processing system. Forms and stencils can be prepared with customer's address simultaneously on any typewriter or type of data processing equipment. After typing, stencil is taken from form; placed on a Weber handprinter for direct-to-carton addressing, or used with Weber label printing machines.

Write for "TAB-ON" Stencil Bulletin

WEBER LABEL PRINTING MACHINE prints all kinds of labels—shipping, product identification, box end, etc. Printing head is interchangeable—reproduces from either stencil or rubber mat. Produces 105 labels per minute—printed, cut to size and stacked—all in one automatic operation. Ends label buying and inventory headaches.

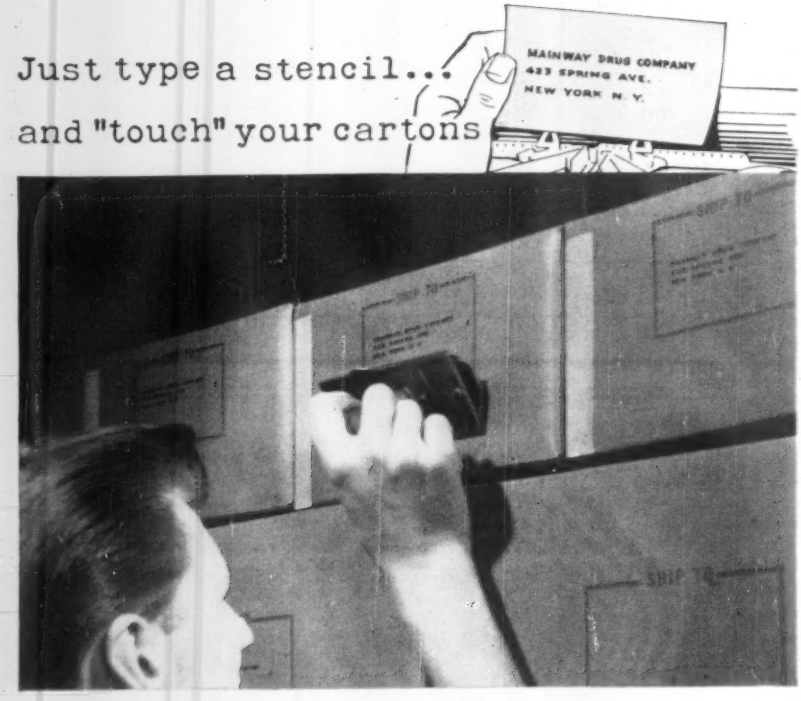
Write for Model 80 Bulletin

"FACSIMILE LABEL" STENCILS can be die-cut in a facsimile of your present shipping label with all standard information pre-cut. Type or write the shipping address, place the stencil on a Weber handprinter, and with just a touch the complete label including address is printed directly on the carton. It's waterproof, fadeproof, and can't come off!

Write for Facsimile Label System Bulletin

Just type a stencil...

and "touch" your cartons



Fastest, easiest way to address your multiple carton shipments

Weber "Touch-Stenciling" replaces labels and stencils boards. It's fast, neat and systematic

Want a quick, easy way to address shipping cartons? Then try this new Weber "Touch-Stenciling" system —means no more stencilboards, rubber stamps or label typing.

Shipping cartons, pre-printed with "Ship-To" label frames, are addressed by simply printing the customer's name and address within the frames with a Web-O-Print hand duplicator. It prints from a stencil that you can type or handwrite. Just a "touch" on the carton leaves a clear, sharp, permanent print.

With a smooth, one-hand motion 40 to 50 cartons can be addressed in a minute. After the shipment is addressed the stencil is thrown away, saving filing time and space.

Weber stencils can be prepared as part of your order-invoice writing procedure to save time and eliminate shipping errors. They can be cut as a by-product of forms typing on manual or electric typewriters, automatic accounting machines and other modern office equipment.

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Weber Industrial Park
Mount Prospect, Ill.

Send me your bulletin on "Assembly Line" Addressing Systems.

Company_____
Individual_____
Position_____
Address_____
City_____ Zone_____ State_____

continued from page 48

necessary to ask the legal department to send a representative.

Obviously, if the company has a packaging coordinator or director of packaging, he becomes the chairman of the committee. Otherwise, the executive most directly responsible for packaging is usually in charge.

If the company produces for the consumer market, R. W. Koch of Standard Packaging recommends that the president also sit in on the meeting occasionally. Some companies even include outside packaging experts on their packaging committees.

Critics of the committee system, however, say that large packaging committees spend too much time deliberating and too little time acting. For this reason, they believe that the packaging committee should be limited to educational and communications duties or, at best, act only as an advisor to the top packaging man.

One medium-size company that has developed a management technique for overcoming the inherent clumsiness of a large packaging committee is S. C. Johnson & Son, Inc. This company has no formal packaging committee. The new products department first receives top management approval to start developing a new product and or package. It then organizes a sponsor group composed of representatives of new products, design, development, marketing, production, and purchasing. This group "nurses along" the new product and its package until it appears to be marketable. The group is then expanded into a "product committee" by addition of appropriate representatives from other parts of the company.

A big assignment

This new committee's job is to get the product to market, and part of the job is designing and testing the package. Periodically, the committee reports through the new products department to the management committee—which, if progress is satisfactory, authorizes more money.

Dow Chemical Company is another manufacturer that successfully depends on small temporary packaging committees, according to Graham Stewart. Yet the success that Johnson and Dow have both had with this form of product-packaging committee doesn't mean automatic success for other companies which copy their

continued on page 59

The first ONE OPERATOR packaging dept.

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Rome, Georgia
Biglerville, Pennsylvania
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Around the Roundtables

The 52 experts whose names appear below participated in two day-long Dun's Review *editorial round tables. Their discussions, supplemented by field research and interviews with top packaging excutives across the nation, are the basis of this Special Report.*

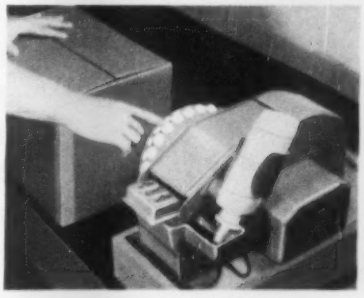
New York

STEPHEN BARKER, *Manager, Market Development,* Continental Can Co.
W. TAYLOR BOUCHELLE, *Vice-President, Lord Baltimore Press Division,* International Paper Company
DONALD DEMING, *Director, Package Research Project,* Rensselaer Polytechnic Institute
LEROY DOAR, JR., *Market Manager, Films & Coatings, Plastic Division,* Spencer Chemical Company
WILLIAM T. EGAN, *Manager of Packaging, Household Products Division,* Colgate-Palmolive Company
CARMEN M. ELLIOTT, *Manager, Package Design Division,* Eastman Kodak Co.
JOHN G. ELLIS, *President,* Sprayon Products Inc.
R. H. EVANS, *Vice-President, Packaging,* Olin Mathieson Chemical Corp.
A. H. FISHMAN, *President,* Admiral Plastics Corp.
ROBERT E. GLASS, *Director of Packaging,* Publicker Distillers Products, Inc.
ALTON HASTINGS, *Director of Products Division,* Continental Baking Co.
JAMES A. HOULE, *Manager, Market Development,* American Viscose Corp.
R. W. KOCH, *Vice-President, Marketing,* Standard Packaging Corp.
DAVID LANSDALE, *Manager of Packaging, Materials Div.,* Scott Paper Co.
EDWARD W. LARSEN, *Manufacturing Manager,* S. C. Johnson & Sons, Inc.
E. A. LINDQUIST, *Assistant Director, Production Department (Packaging),* National Biscuit Company
GORDON LIPPINCOTT, Lippincott & Margulies, Inc.
VINCENT D. McCARTHY, *Director of Plastics Sales,* U. S. Industrial Chemical Co.
MARTIN O'CONNOR, *Graphic Design Manager,* Corning Glass Works
SHY ROSEN, *Executive Vice-President,* Milprint, Inc.
RONALD D. SAYPOL, *Vice-President—Administration,* The Lionel Corp.
THEODORE W. SCHMITT, *Executive Vice-President,* Peerless Tube Co.
GRAHAM T. STEWART, *Packaging Engineer,* Dow Chemical Company
CHARLES B. STRAUSS, *Advertising and Packaging Director,* McGregor-Doniger, Inc.
J. S. THOME, *Vice-President,* Sun Chemical Corporation
JOHN WOOD, *Packaging Coordinator,* American Management Association
LAWRENCE H. ZAHN, *Director, Purchasing & Packaging Development,* Ciba Pharmaceutical Products, Inc.
ROBERT ZEIDMAN, Robert Zeidman Associates

Chicago

O. J. BURKLAND, *Purchasing Agent, Chemicals & Container Division,* E. I. duPont de Nemours & Co., Inc.
WILLIAM L. DEMPSEY, JR., *Manager Trade Advertising & Product Publicity,* Container Corporation of America
RICHARD G. EDWARDS, *Vice-President,* American Hardware Corp.
JACK FOELLER, *Asst. Manager, Tufflex Fabrics Sales,* Wood Conversion Co.
MARSHALL B. HANKS, *Sales Mgr. Packaging Machines,* Gisholt Machine Co.
W. SCOTT HASSLER, *Executive Vice-President,* Container Laboratories, Inc.
JOHN G. HUBERT, *Corporate Packaging Engineer,* Burroughs Corp.
WILBUR V. HUNT, *Esso Standard Division,* Humble Oil and Refining Company
THOMAS G. KENYON, JR., *Packaging Engineer,* Sperry and Hutchinson Co.
RICHARD I. KERN, *Vice-President, Marketing,* Miniature Precision Bearings, Inc.
C. R. LAMMERS, *Mgr. Industry Sales Development,* Acme Steel Company
VERN I. McCARTHY, JR., *President,* Vulcan Containers Inc.
GLENN R. McCORMACK, *Product Development,* Stone Container Corp.
C. S. MYERS, *Project Manager,* Union Carbide Development Co.
J. P. O'HANLON, *Packaging Manager,* Radio Corporation of America
C. C. RITTER, *Packaging Engineer,* Owens-Corning Fiberglas Corp.
J. V. SCHADE, *Assistant Superintendent, Methods (Packing & Warehousing),* Western Electric Company, Inc.
S. E. STRAND, *Package Engineer,* The Brunswick Corp.
GEORGE H. STRAUB, *Staff Assistant to Manager, Order Control Division,* Leeds & Northrop Company
KIM F. VASILIOU, *Director, Package Research Laboratory,* Stapling Machines Company
P. L. WHEELER, *Supervisor, New Products,* Bemis Brothers Bag Company
JAMES WHITCOME, *Vice-President,* Michigan Industrial Packaging, Inc.
JOHN W. WHITE, *Mgr. Midwest Sales,* Fibreboard Paper Products Corp.
CHARLES J. ZUSI, *Packaging Consultant*

CUT SHIPPING MATERIAL AND LABOR COSTS



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At the touch of a button the new electric Better Pack 555 performs 5 operations in 1 second! Selects, measures, moistens with hot water, cuts and delivers **any** gummed tape with effortless speed of heavy industrial shipment-sealing equipment . . . at a fraction of the price!

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CYANAMID

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continued from page 55

methods. As Stephen Barker of Concan points out, "The technique must be tailored to the company."

A number of manufacturers—particularly the large ones with big product lines—are veering away from the packaging committee towards concentrating package development in a separate department headed by a man without other responsibilities. Inherently faster than committee operation, concentrated packaging responsibility is also likely to result in more imaginative packaging, its adherents believe: The broth, they say, is tastier without so many cooks.

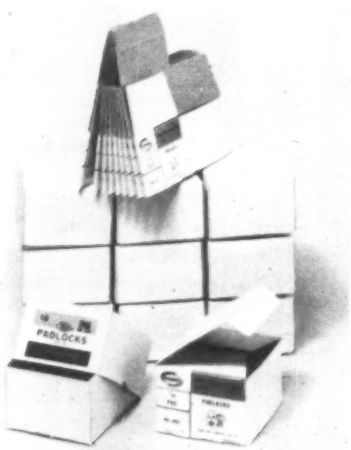
Nonetheless, a well-run packaging committee is often a valuable training ground for future directors of packaging, and companies planning to reorganize their package development programs are often wary about leaping on any "centralization" bandwagon. In some cases, a central packaging department is an outgrowth of the packaging committee.

Publicker Industries of Philadelphia, however, is one large company ($120 million sales in 1959) that has

Packaging Reorganization from the Ground Up

To appreciate the cost-cutting and profit-making effects of sound packaging management, one should visit the American Hardware Corp.'s main plant in New Britain, Conn. Since top management gave Richard G. Edwards, vice-president for marketing, a clear mandate two years ago to come up with a modern package development program, this old-line maker of builders' hardware has saved many tens of thousands of dollars and many tens of thousands of square feet in plant space. At the same time, the appearance of the company's packages has been vastly improved.

For many years American Hardware had operated its own pasteboard box plant to supply its packaging needs. Any packing foreman in any division could ask the Box Department to make up any size box in any needed quantity. Boxes, as a result, were made in over 257 sizes, and their storage consumed enormous blocks of space. Many of the set-up boxes were crumpled beyond use while in transit or storage. In addition, practically every box was differently labeled. Some of the designs were of pre-1900 vintage.



SPACESAVER: *Nine of the new collapsed folding boxes stand on nine of the old set-up boxes in a graphic demonstration of storage space saved by compact design. In addition, it takes less labor to pack the one-piece folding box (right foreground) than the two-piece set-up. To top it off, the new box costs $38.60 per thousand, compared with $39.20 per thousand on the discarded package, which used to be manufactured in the company's own plant.*

Edwards' initial step, after making a complete study of the company's packaging operation, was to hire a designer to give company packaging a new look. He designed new, modern trademarks with distinctive colors for the company's two main divisions. They not only appear on all packages, but on stationery, catalogs, and promotional material as well.

Folding boxes were ordered to replace two-piece boxes as the latter were used up. Experimentation in a newly organized packaging laboratory reduced the number of box sizes needed from 257 to less than 60. New construction designs upgraded the entire packaging line for protection as well as lowering direct costs in the various packing departments. Standard-sized boxes are now used for many different items, and an imprinting machine is used to label most of the boxes in their folded position.

The new trademarks are reproduced in two colors on attractive off-white corrugated shipping containers, which Edwards reports are handled more carefully by carriers. With an eye to further reducing shipping costs, the compact packaging lab is evaluating some experimental expanded polystyrene shippers.

On top of all the hard-to-measure benefits of increased customer acceptance and improved plant efficiency, the new packaging program has actually paid for itself. For example, one of American Hardware's largest items, a fire-door exit door pull, was formerly shipped assembled on a wooden frame which was then packaged in the end-opening corrugated container on which it rested. Now it is shipped disassembled in a top-opening container that is lighter, quicker to pack, and about 40 per cent less costly.

Once a new package design has been accepted, reorder is handled by production control working through the purchasing office. The marketing staff, however, continues to police and control the packaging activity by reviewing all requisitions. The necessary coordination of the packaging program with other departments such as manufacturing, sales, and purchasing is done on a person-to-person basis.

Edwards believes that American Hardware's new packaging program could not have been accepted so well on all levels of the company if it had not been part of a general reorganization. By its nature, packaging rarely evokes any enthusiasm in an industrial-goods manufacturing organization. Edwards believes that other industrial manufacturers must pick the right time to revamp their packaging systems if they want to make the new program a success.

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read how...

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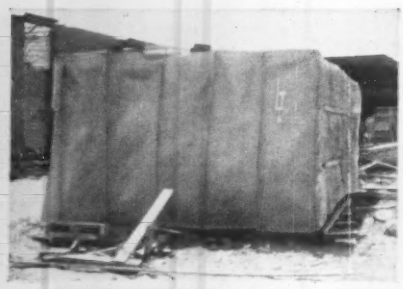
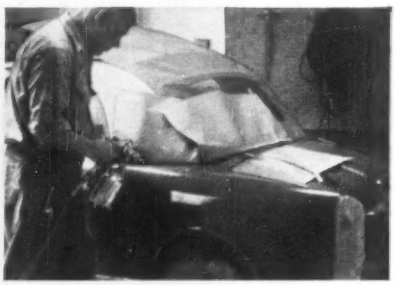
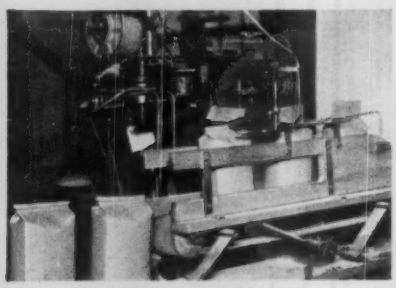


2 **BUILDING MATERIALS** are weather-protected because Clupak extensible paper contours to the exposed material . . . wind and rain are less likely to get underneath the cover.



3 **MASKING AUTOMOBILES** with Clupak extensible paper means a neater, more efficient job. You get uniform coverage with the unique, patented built-in stretch paper.

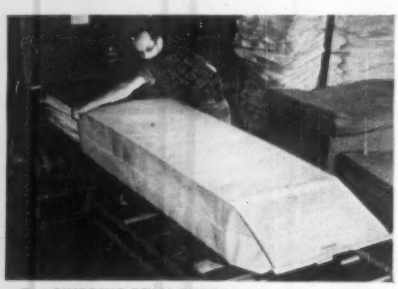


4 **BAG CLOSURES** are made faster, easier with tape made from Clupak extensible paper . . . it makes a better closure . . . takes the roughest handling because of its built-in stretch.

5 **WRAPPING FLOWERS** with Clupak extensible paper gives you a soft, flexible, yet strong cover. When used with a poly coating, it's an ideal wrap for fragile products.

6 **PROTECTING CHROME PIPE** from surface damage with better coverage is yours with Clupak extensible paper whose strength-with-flexibility makes pipe-protecting easy.

7 **GROCERY BAGS** of Clupak extensible paper satisfy the consumer. Bags hold up under strain . . . grocery packing no problem . . . sharp-edged products not likely to rip the bag.



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Shown above are but a few of the unlimited applications of Clupak extensible paper for business and industry. Specify "Clupak" the next time you order paper or paper products. Your paper salesman will tell you how Clupak extensible paper can benefit you in your business.

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tried packaging committees and abandoned them in favor of concentrated authority.

Robert E. Glass, director of packaging for Publicker, who was outspoken in attacking packaging committees at one DUN'S REVIEW round table, handles problems of coordination with other departments in his company by direct communication with the executives concerned. And he has the authority to negotiate on a man-to-man basis because he now reports directly to top management.

Publicker found the diffusion of responsibility within a committee a major drawback. Concentrating the responsibility for packaging in one executive has led to a clear cash pay-off:

- As a result of better package design which permitted standardization of packaging materials and machinery, floor space for packing has been more than cut in half.
- By standardizing on just seven colors, which permits "ganging" of label printing, the printing bill for labels has been cut 40 per cent—a saving of hundreds of thousands of dollars. Yet the appearance of most of the labels has been improved.

At the same time, sales boosts directly traceable to packaging improvements have been registered.

One prime indication of the diversity of approaches to managing packaging is the wide variety of titles to whom top packaging men report:

- Plant manager (cosmetic company)
- Director of research (large dairy goods producer)
- Traffic manager (large atomic equipment manufacturer)
- Chief process engineer (large plastic producer)
- Sales manager (potato chip manufacturer)
- Manufacturing vice-president (biscuits maker)
- "President's office" (giant meat packer)

Reporting to the top

The trend throughout consumer goods industry is to upgrade the packaging function by having the top packaging executive report higher up the line. General Foods Corp. has recently established a vice-presidency for packaging, directly accountable to the president. The Campbell Soup Company appointed a vice-president for containers a few years ago, but this is a special situation, since Campbell makes all its own cans. It is, in fact, the third largest can maker in the country.

The majority of the expert participants at the editorial round table on packaging management in consumer goods companies believe that a vice-president for packaging will ultimately be quite common in organizations of this kind.

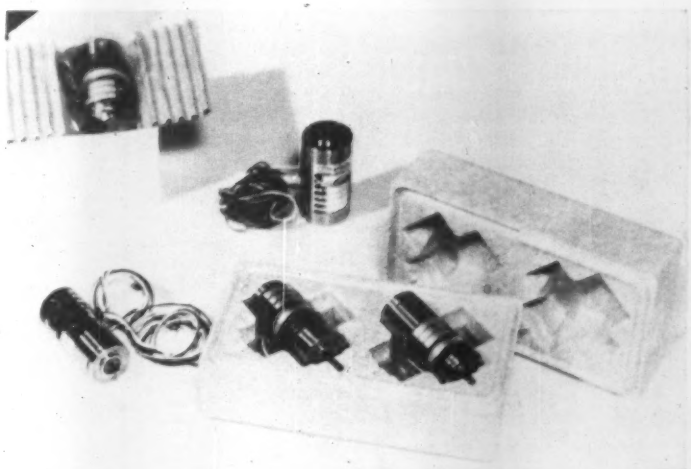
Structuring the packaging department in the organization chart depends, of course, on packaging's role in the company. In the great majority of companies, the top packaging executive does not report to top management. Many experts, however, point out that too many companies are falling behind in the packaging parade by leaving the entire function to somebody in the shipping department.

Highly decentralized companies have special organizational problems, since packaging is not amenable to decentralization. Particularly in view of the new emphasis on the corporate image, it is usually not practical or economical for each plant or division of a multi-divisional company to have completely independent packaging programs and package development facilities. As a result, packaging management and development often remains a headquarters function, even in the most decentralized organizations.

In these situations, one of the principal problems of packaging management is establishing company-wide packaging procedures, specifications, and standards, and then making sure that local packaging people follow them. Since the staff packaging manager on today's organizational chart rarely has any disciplinary authority over widely scattered local packaging engineers, he is faced with a never-ending selling and educational job. "Overlapping responsibility" in packaging is a big problem in decentralized companies, points out William Teegan of IBM.

There are various ways of simplifying and expediting this educational function. Many staff packaging groups publish regular newsletters for distribution among local packaging engineers and the men they report to. A growing practice is to bring all the company packaging people together once every year or two for an educational and idea-exchanging packaging forum. Sometimes suppliers are in-

Payoff from Simplification



This versatile package is designed to hold any two of seven different models of small servo motor made by the Transicoil Division of Daystrom, Inc., Worcester, Pa. The expandable polystyrene container replaces the one-motor cardboard box with the plastic film and corrugated wrap combination seen in the background. Servos are used in a wide variety of military and commercial control systems.

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"In industrial organizations, the chances are that packaging will never attain officer status unless it is allied with functions of greater scope, such as distribution." —HUBERT

vited to present their latest advances at these conventions. Du Pont has been holding such forums successfully for years. GE, Standard Oil of New Jersey, and IBM (see case history on page 72) have also found them valuable.

Another way big decentralized companies maintain central controls over packaging is in purchasing of packaging materials. Either to gain volume discounts or for "trade relations" purposes (see "Reciprocity: Industry's Secret Sales Weapon," DUN'S REVIEW, September 1960, page 32), all packaging orders flow through one purchasing office.

When a company decides to organize a top-flight packaging program, choosing the executive to direct it is one of the first problems. The solution for the great majority of companies has been to promote from within. Since much of the packaging executive's time is spent coordinating his department's efforts with those of other departments in the company, they consider it wise to pick someone familiar with company organization and personnel. Someone who has been seasoned in the company's service also is likely to have more "feel" for the corporate image the package is intended to reflect.

Preparation for the top

The top packaging man in a consumer goods company generally needs some background in graphics, and in such companies it is common for the packaging director or coordinator to come out of advertising. In industrial organizations, the trend is now to put a man with engineering training in charge of packaging, instead of promoting a veteran packing foreman.

One of the important questions to

The Package that Boosted Sales 500 Per Cent

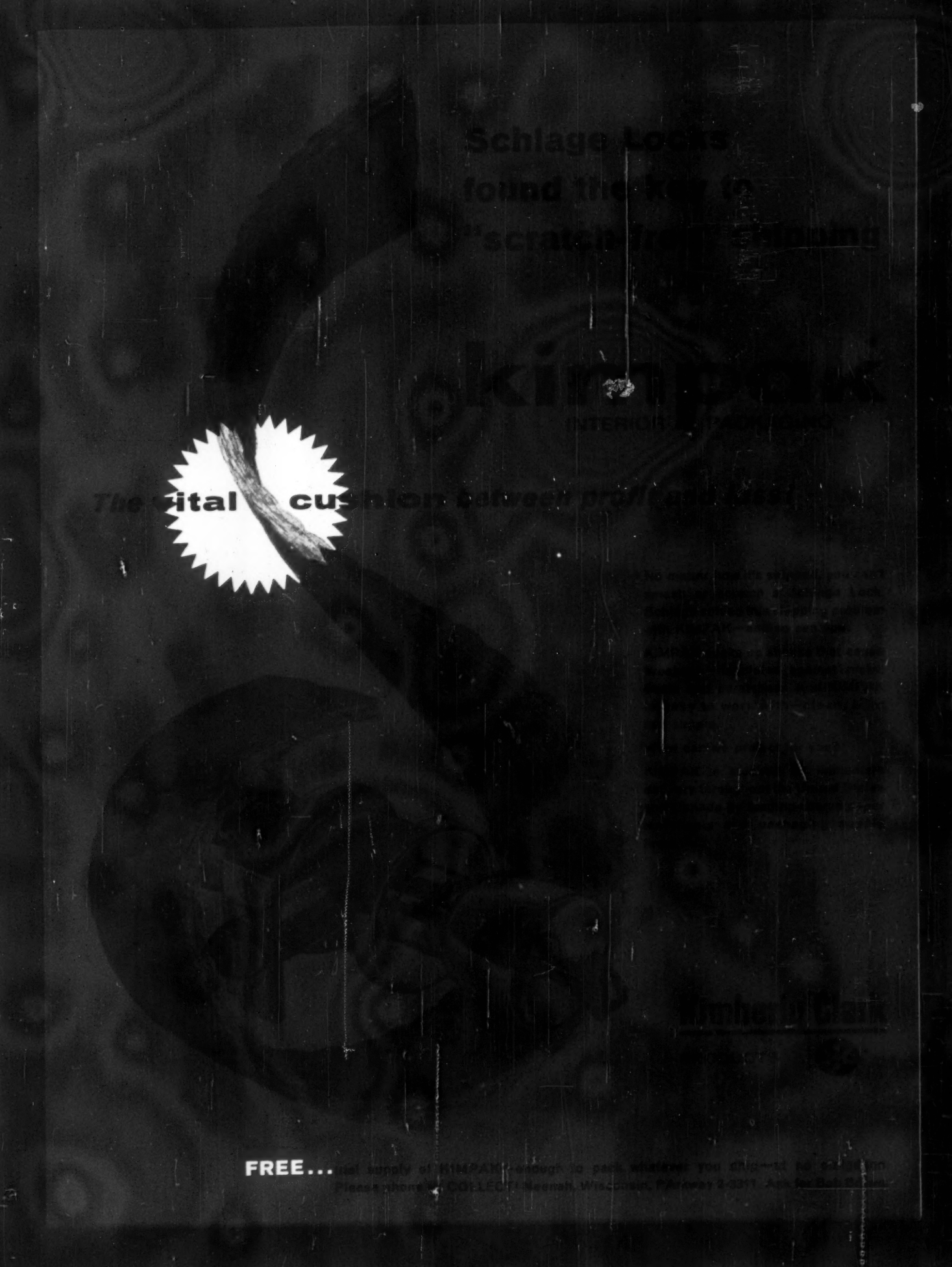
Top management at Kuehmann Foods, Inc., Toledo, doesn't have to be convinced of the value of good packaging. In the six months since the company changed the package for one of its products, sales have shot up 500 per cent—plus many other benefits to the producer, retailer, and customer.

The product is potato chips. Kuehmann formerly marketed its economy $1\frac{3}{4}$-pound pack of potato chips in a returnable metal can on which the retailer collected a 75-cent deposit. Empties were returned, cleaned, and refilled an average of six times.

Dissatisfied with this costly packaging system, the company began to investigate money-saving alternatives. Mead Containers developed as a substitute a single-trip oyster-white corrugated container with a polyethylene liner and a tape-carrying handle.

The success of the new package was overwhelming. First, the square shape meant that trucks could be loaded with 25 per cent more packages than before. Savings in warehouse space were even greater, since the new packages are stored in the knocked-down condition before they are filled.

Similarly, retailers could put more packages into the same space. And they were pleased at the elimination of the returns nuisance. Finally, both the company and the retailers were delighted because the public is buying five times as many economy packs as before.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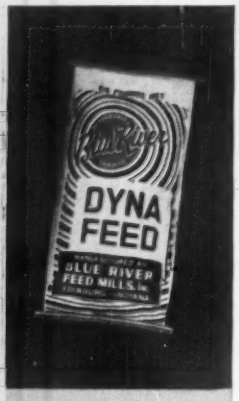
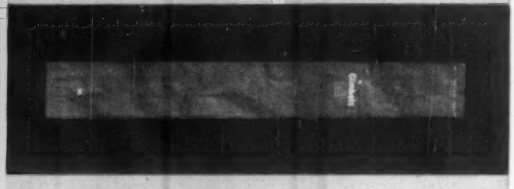
Prize winning National Screw and Manufacturing Company's consumer displays feature Zip-Lip poly bags that increase impulse sales.

Adequate protection is given outdoor storage with form fitting krinkle kraft covers.



Colorful multiwall bags easily identify and sell stock feeds and fertilizers.

"Buy Me" say attractive printed see-through bags of foods and confections.



Economy and sales appeal are given odd shaped products by designed-for-the-job kraft bags.

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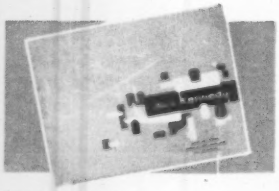

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"One of the most common mistakes in industry is marketing a new product or an old product in a new package without adequate testing and market surveys." —ROSEN

be settled before choosing a packaging staff is to decide where the packages are to be designed. The answer to this question has a substantial effect on the size of the staff. There are three alternatives: the do-it-yourself method, hiring an independent package design specialist, or turning the job over to packaging suppliers.

The first solution is recommended for industrial goods manufacturers and for consumer goods companies that face standard packaging problems, need designs quickly, or have special packaging problems that an outsider cannot handle or would take too long to learn. The disadvantages are the danger of "inbreeding" and the fact that talented package designers apparently need a variety of design jobs to keep them interested and efficient—routing them off to unrelated work when design needs are slack seems to blight their creativity. Nevertheless, many consumer goods companies handle their own package designing, particularly where the products are not displayed in the package in retail stores.

Independent designers gain

In view of the growth in number and size of package design organizations, the second solution to the design problem would seem to be gaining ground. As specialists in this work, they bring a wealth of insight and experience to the job. Three criticisms, however, are voiced about the package designers. First, many of their designs look too much alike.

Some experts claim they can look at a package for the first time and identify the designer. In other words, the package designers may imprint their own corporate images on their products. Secondly, suppliers contend that too often the independent designers come up with impractical or needlessly costly designs.

A third criticism is directed at their prices, which seem especially high in comparison to those of packaging suppliers, who design packages for nominal fees at the most.

Worth the price

In rebuttal, independent package designers point to value received. In Gordon Lippincott's words: "Is $25,000 too much to spend on a package design if it's one that stimulates $3 or $4 million in added sales?" They say, too, that when a packaging supplier designs a package, the customer pays for it indirectly in higher-than-needbe material costs.

Critics also point to the limitation on materials inherent in using a supplier's design staff. Even if a company goes to a highly diversified packaging supplier, it is likely to be pushed towards whatever material is produced by the division the salesman represents.

On the majority of industrial and consumer goods manufacturers, such charges have little impact. They reason that since the supplier knows his materials best, he can be expected to get the most out of them. Consequently, they continue to "buy" package designs where they buy their packaging supplies.

Who does market research?

In many companies which farm out their design jobs, the packaging department nonetheless does market research and testing on the packages supplied. Again, each company must decide on the basis of volume or need whether to research and test its own packages or to turn this job, too, over to outsiders, restricting the packaging staff to setting the specifications and to internal problems of packaging control.

For a department of such limited scope, the staffing procedure is a time-consuming but not too difficult one, and employees with a packaging orientation can be trained without a great deal of trouble.

Yet quality is another matter; the increasingly technical aspect of pack-

Gottscho automatic package imprinters

for imprinting anything on any package

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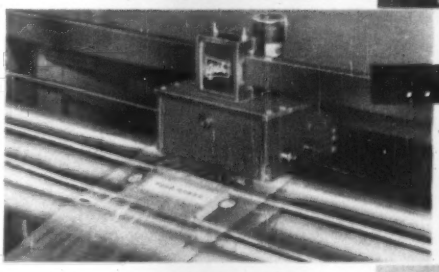

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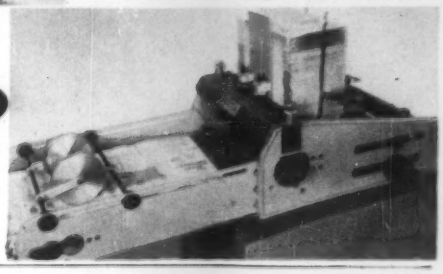

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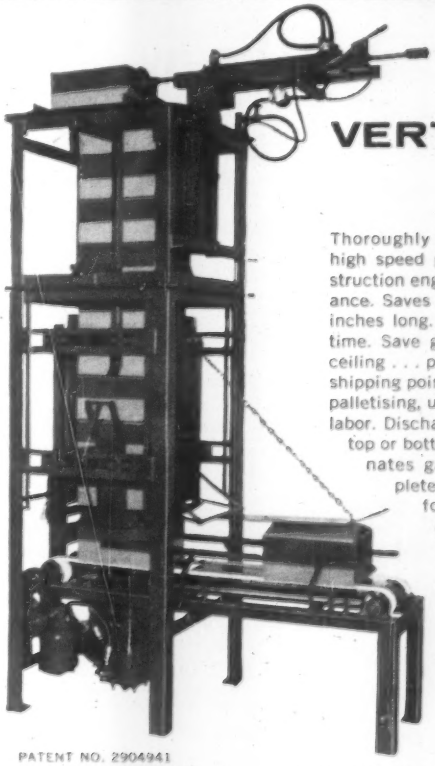

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0768

"If you set up a committee, give them authority. I have seen too many packaging committees with no authority." —ZAHN

aging will make it more and more difficult to "grow" packaging experts at home. Peter Baker, a packaging consultant with Arthur D. Little, Inc., warns that there is already a shortage of "good" packaging people (a remark that can be levelled at many fields in industry), and it looks as if the packaging engineer—and the top executive who can orient him to the company's needs—will have a bright future as industry becomes more and more packaging-conscious.

Establishing proper procedures and standards for the packaging department in its dealings with outside packaging sources is another essential. Since the majority of new developments in packaging come from packaging suppliers and designers rather than users, companies must keep open the channels of communication with these specialists, though packaging executives warn that too much dependence on suppliers can lead to acceptance of substandard materials and outdated package designs.

Suppliers' complaints

One advantage of putting a single executive in charge of packaging is that he can serve as a focal point for gathering information on new packaging developments. One of the frequent complaints of packaging suppliers is that they have to see so many people in a single company (though they feel equally frustrated when they are only allowed to see a purchasing agent who talks price and nothing else).

Suppliers would like to make their pitches directly to packaging com-

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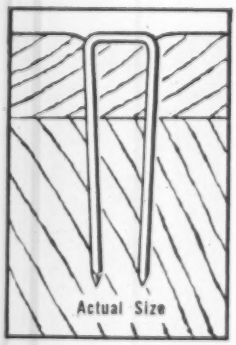

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Everything you need for tacking, stapling and nailing.

mittees, where they exist, but few companies will agree to allow salesmen to take up the time of these committees.

A new and unusual communication device that has gained favor at Nabisco and a small but growing number of other companies is the packaging seminar. Suppliers' representatives are invited to speak before the all-day meetings, which are attended by all the people in the company who are concerned with packaging.

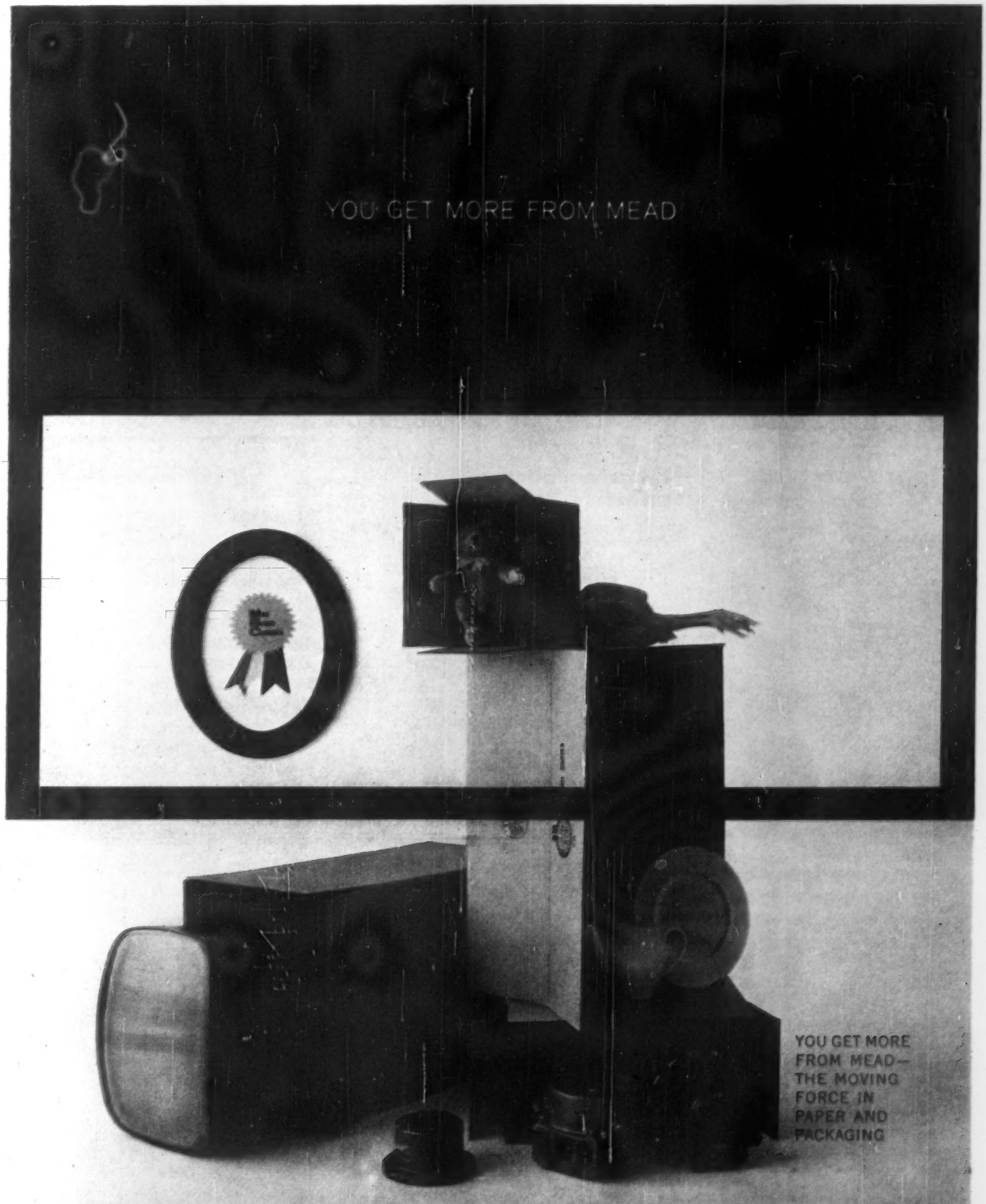
One of the touchiest problems involving relations with suppliers is how to handle a supplier who has gone to considerable expense to develop a new package or packaging machine for the company. In appreciation, many companies give him the entire business for the package he's developed.

Others will wait until he has recouped his developmental expenses and then, if costs warrant it, open up additional sources of supply. (Package suppliers, who complain of their low profit margins under the best of circumstances, are bitter about a small number of unscrupulous manufacturers who secretly take prototype packages developed at considerable expense to other suppliers for lower bids.)

Secondary sources

Some companies follow a policy of giving the package developer the first order, but there are a few organizations which quickly open up second, less expensive sources of supply to handle a part of their orders. Experts note, however, that unusual packaging developments are a real sales stimulator, and they warn that

"Companies should also look at their suppliers' packages. After all, you're paying for those, too."
—BURKLAND



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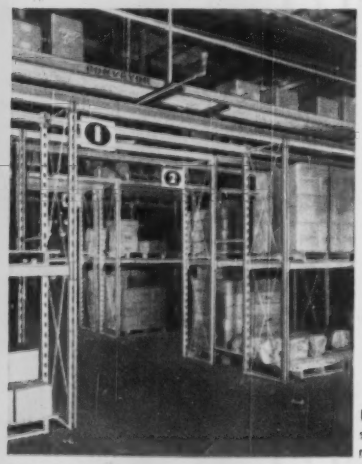

←American Slide-n-Lock selective type racks

for all types of merchandise—whether light packages or heavy metal products.

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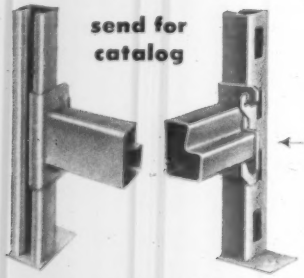
Fig. A→

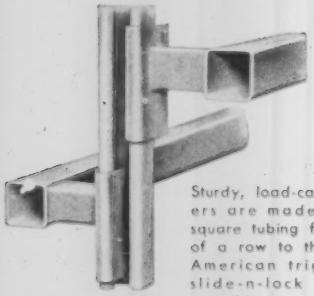


←Fig. B

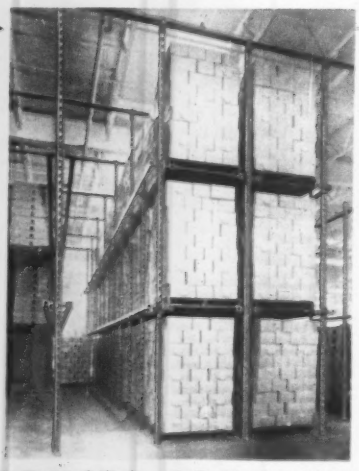
Fig. A—smooth line construction of aisle side of post and stringer eliminates hazardous protrusions. Fig. B—note rigid connection when stringer is "locked" to post.

American Open-End→ drive-in type racks

make aisle space storage space . . . ideal for bulk storage



Sturdy, load-carrying stringers are made of rugged square tubing from one end of a row to the other. The American trigger-quick, slide-n-lock method of assembly saves time and money.



AMERICAN METAL PRODUCTS COMPANY

STORAGE RACK DIVISION

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even when cost is the major consideration, companies which want their suppliers to perform special services must allow them to recoup developmental expenses.

Another area in packaging that calls for top management guidance is the extent to which contract packagers should be used. Many large companies habitually employ contract packagers on small, high-volume consumer products until sales volume builds up to a point where it makes sense to buy new packaging machinery or to pull some machinery off some older product.

Relations with suppliers are only another obvious instance of the lack of sound management policy and

Upgrading the Function

To make sure that it remains a winner in the battle for customers' attention in the supermarket, top management at General Mills is upgrading the company's package development function. Aiming at even greater visual appeal, a seasoned executive with a strong graphic design background, Dean Latterell, has been given the newly created title of manager, package planning.

Now, instead of reporting to the

APPETITE APPEAL: *Despite the evidence of the corner band on the left-hand package, it's the* au gratin *potato package at right that's really new. Along with its lighter, more elegant look, it reflects*

planning that is hobbling packaging progress.

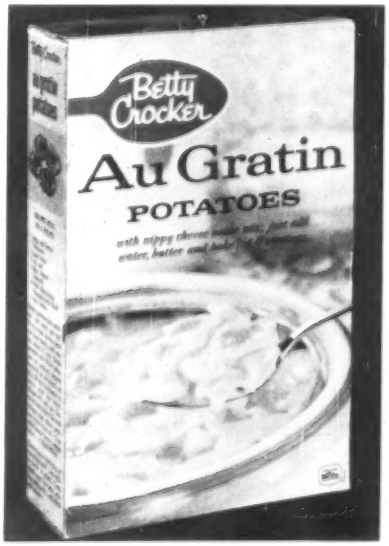
Just as long as the management of packaging stays on a primitive, haphazard basis, industry will never have the added sales, product protection, and reduced distribution costs that good packaging can bring. And unnecessary millions of dollars will be wasted out of the mammoth sum of $18.5 billion spent each year on packaging—a figure, incidentally, which has been growing at the high rate of 8 per cent annually for the past several years.

This is the kernel of the packaging problem that top management in every manufacturing company faces today. It is one that must be tackled now.

at General Mills

manager of creative services in the advertising department, the supervisor of package design and the supervisor of packaging production are part of the newly organized packaging department under Latterell, who reports directly to the director of advertising, a vice-president.

This organizational upgrading is based on the increasing recognition by top management of the great value of good package design in improving



General Mills' new emphasis on a more natural "kitchen" background in its food packaging. On many of the older packages, a top view of the product was the main illustration.

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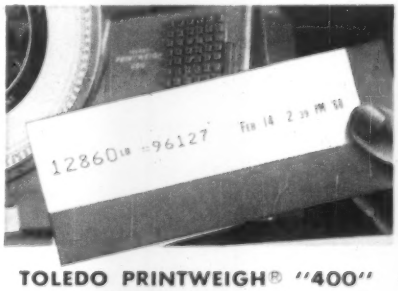

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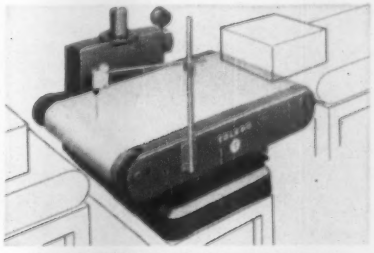

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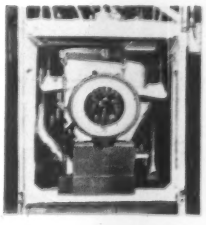

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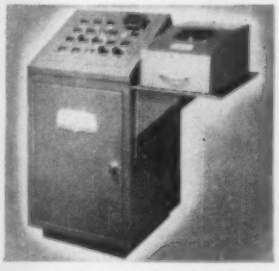

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DURABLY MARKED AND PLAINLY LEGIBLE at handling distance. A STEN-C-LABL address is sunproof and waterproof—becomes permanent part of carton. Reproduction is sharp and easy to read at handling distance.

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sales, and is part of a general reorganization of the company's marketing set-up.

New package designs are generally developed in this way: Requests for new designs come from the marketing department. Small jobs and minor changes are handled by the supervisor of package design. Otherwise, the project is placed in the hands of Lippincott & Margulies—or, on occasion, of some other design firm. Surface designs on shipping containers are generally executed by artists in the advertising department. The company's package research group is attached to its general research laboratory, under the director of research. The manager of package planning coordinates the efforts of all these separate groups, obviously a big job.

At present, General Mills does some market research of its own on new packages, in addition to that done by Lippincott & Margulies. Latterell would like to build up this package research function as a company responsibility.

The new packaging organization is too recent to be credited with many specific results, but it encourages feedback on packaging, and turnover reports are being studied carefully. When it is found, for example, that certain packages introduced with protective liners are turning over on store shelves faster than expected, thinner liners are specified if they are found satisfactory for the actual shelf-life situation. In some instances, this practice has led to a substantial saving in packaging costs.

Latterell is convinced that the packaging function at General Mills still faces a considerable period of evolution and refinement. He foresees the day when the package will be recognized as sharing equally with advertising the responsibility of spurring consumers to buy.

Packaging the Big Ones

"Transportability without over-packaging" is the prime quality that International Business Machines Corp. seeks in its shipping containers. Consequently, IBM's top traffic man doubles as top packaging coordinator.

His name is Edward M. Maney, and he stepped into the then newly created post of "manager of IBM traffic" four years ago, after more than 20 years in traffic management with various branches of the company. Maney reports to the director of purchasing who in turn reports to the corporate director of manufacturing.

Because IBM is a decentralized company, responsibility for developing packages has remained at the plant level, contrary to industrial custom. But when a package runs into trouble, Maney "recommends" a change to the local packaging people, and the corporate design staff passes on all graphic and color aspects for packages.

Transportability, as IBM defines it, covers product protection, ease of handling, adaptability to type of transportation available, and compliance with carrier standards. The price of the package, however, is still a prime consideration. (See photo next page.)

In fact, with an eye on cost, IBM is considering placing the purchasing of the company's prime packaging material — corrugated containers — under a corporate purchasing contract similar to those it has for several other materials. Also, by achieving substantial standardization, the company estimates it will save 10 per cent a year on its purchases of corrugated, a matter of many thousands of dollars. Local packaging engineers (there are about 10 scattered throughout the company's plants) and purchasing agents will still handle procurement, ordering against the corporate contract.

One of Maney's prime responsibilities in packaging is furthering the education of company packaging people. In doing this, he relies on three main communication techniques. First, packaging information is included in a *Transportation and Distribution Bulletin,* which goes to all company packaging people. Secondly, all of those in IBM who have anything to do with packaging come to New York headquarters once a year for a two-day seminar where they ex-

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change ideas. To expedite the meetings, the agenda is agreed on by participants in advance.

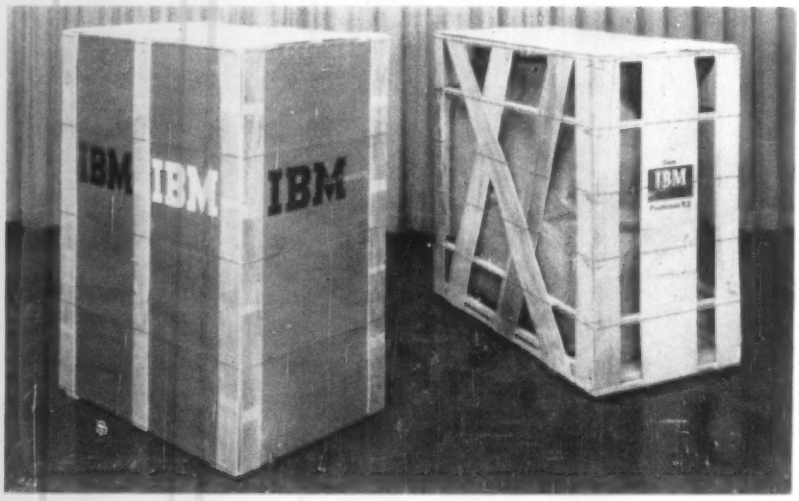
Lastly, IBM is compiling a packaging manual covering company policy, communications, responsibilities, and standards. The manual will be similar in scope to a traffic manual published by the company two years ago. The manuals are not meant to be "cookbooks," spelling out in detail the procedure to be followed in any situation, but they do offer general guidance. Incidentally, IBM has given away many copies of its traffic manual to other companies, and it plans to do the same with the packaging manual when it is completed.

IBM is also simplifying its specifications on packaging for materials and parts it buys from other companies. Instead of long, detailed instructions for each incoming shipment, vendors now receive a short general statement of principles that gives them more opportunity to exercise ingenuity and more specific responsibility in packaging their products.

There are no packaging committees at either the corporate or plant level at IBM. There used to be packaging committees at the plant level, but they have been dropped.

IBM reports that it has done well with "home-grown" packaging people. Although the company has hired trained packaging engineers, the majority of company packaging personnel came out of other functions, such as industrial engineering. IBM, which believes in what it calls "out-company" training, encourages its packaging staff to attend Packaging Institute and American Management Association seminars and university courses.

Packaging development at IBM shows the success of the team approach in a big, multi-plant decentralized operation. But despite the effectiveness of the program, the company still expects to squeeze plenty of unnecessary costs out of its packaging in the future. END



ALL-AROUND SAVINGS: *Well over $50,000 a year will be saved through development of a new shipping container for an IBM accounting card machine. The new package (left) is a combination corrugated and wood wirebound box. It replaces an all-wood wirebound box (right) which resulted in higher costs in several areas. Most of the savings are in package cost and packing labor but the lower weight of the new container has also cut shipping costs without any sacrifice of protection, and the rest of the savings are in storage space needed for packing materials. Intangible benefits include better appearance and possible reuse value. The container was designed at the local plant level and is made by the General Box Co.*

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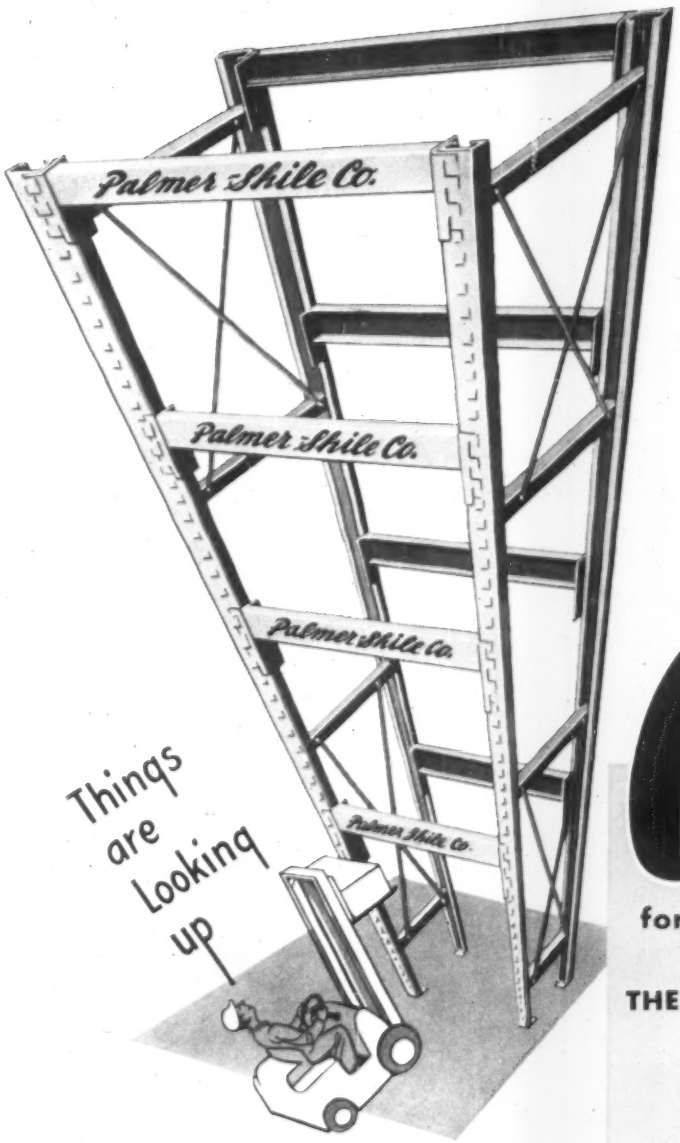

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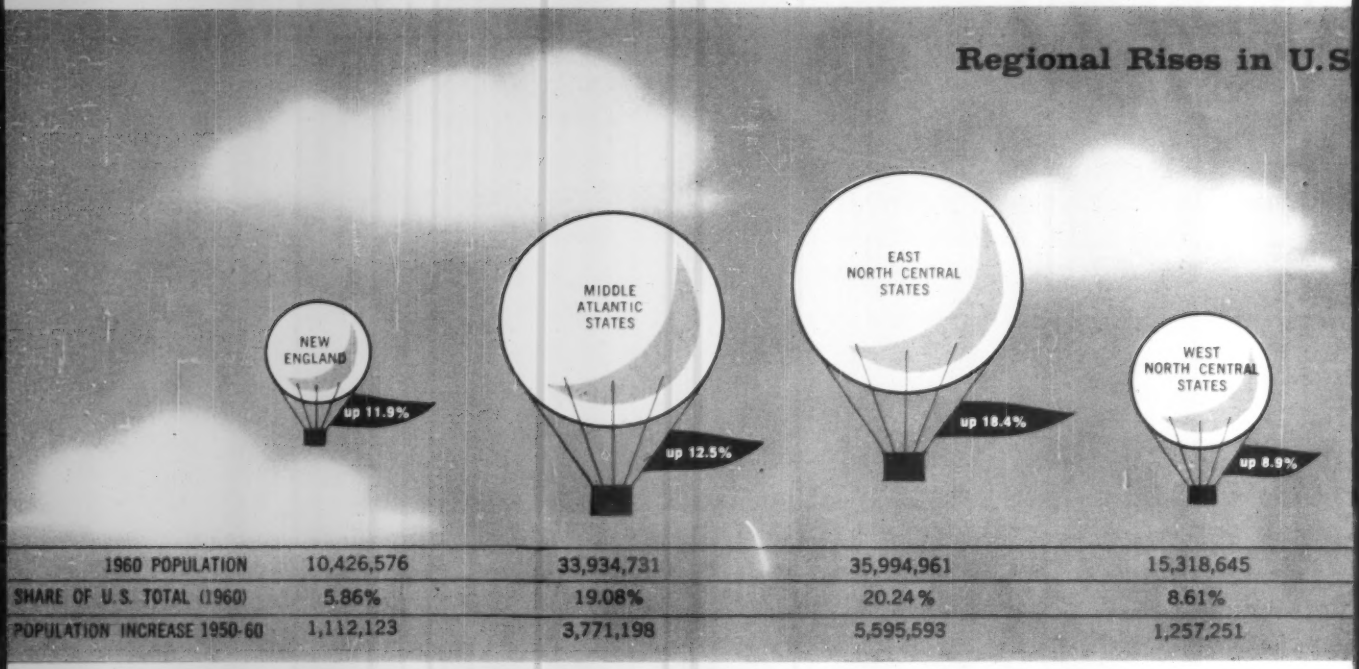


1960 POPULATION	10,426,576	33,934,731	35,994,961	15,318,645
SHARE OF U.S. TOTAL (1960)	5.86%	19.08%	20.24%	8.61%
POPULATION INCREASE 1950-60	1,112,123	3,771,198	5,595,593	1,257,251

Markets on the Move

New data from the 1960 Census show where the customers are today—and why marketing plans need updating fast.

THE suburban population has gone up, up, up in the past decade, and rare indeed is the manufacturer who hasn't recognized that fact. Yet even today few companies are fully aware of how high it's risen. Fresh facts, which are now being released almost daily from the new 1960 Census of population, show that the increase in suburbia's population has been much larger than most marketing experts anticipated ten years ago. Not only was the swing to the suburbs underestimated, but its backlash—unexpected declines in many city populations—came as a shock.

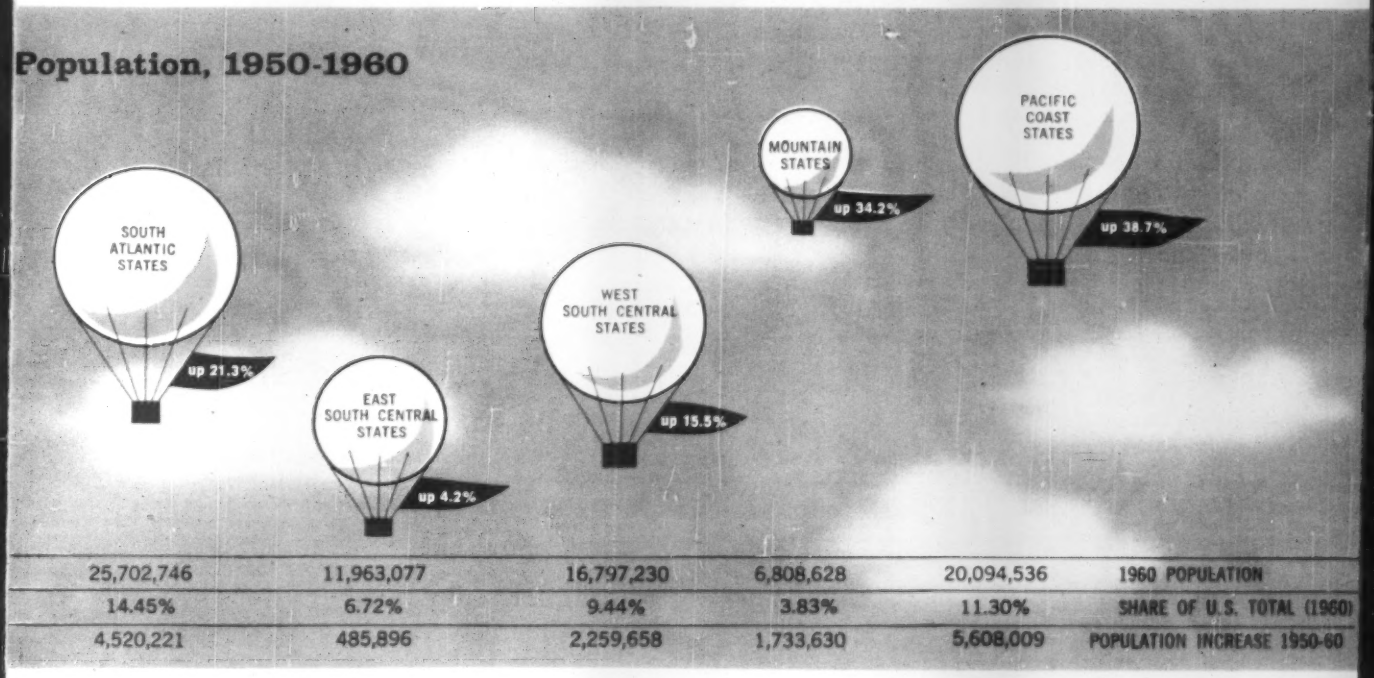
Almost two-thirds of the entire population increase in the 1950's occurred in suburbs. Cities acquired only 4 million more people, and the rest of the rise was in small towns, exurbia, and rural areas.

Many a company's new marketing plans will have to be built on new facts. Some of them:

- More people were added to the population during the past decade than in any previous ten-year period. Government projections point to an even greater increase during the sixties.
- More cities lost population than ever before in the nation's history. One-third of all our cities now have smaller populations than in 1950.
- Population declines were much more common in the largest cities. Four of them—New York, Chicago, Philadelphia, and Detroit—lost population. (The other giant metropolis—Los Angeles—extended its borders during the decade.)
- Suburbs have been growing like corn in the August sun. They've increased six times faster than their central cities. As a result, only about half a dozen of the nation's 192 metropolitan areas—as opposed to cities alone—had population drops.

In all probability, the stronger-than-expected surge to the suburbs will continue in the decade ahead. Children under fourteen will account for an even larger proportion of the population in 1965 than they do today. During the next five years, teenagers will grow in number (as well as in appetite) at a rate that will be more than twice as fast as that of the population as a whole.

When the war babies of the 1940's start marrying, there will be a new



25,702,746	11,963,077	16,797,230	6,808,628	20,094,536	1960 POPULATION
14.45%	6.72%	9.44%	3.83%	11.30%	SHARE OF U.S. TOTAL (1960)
4,520,221	485,896	2,259,658	1,733,630	5,608,009	POPULATION INCREASE 1950-60

building boom in suburban areas not already crowded with developments. All signposts point to continued high demand for household goods, casual clothing, gardening equipment, automobiles, and other particular needs of the suburbanite.

Since studies indicate that suburban families devote a larger share of their spending to durables like automobiles, appliances, hardware, and tools than city-dwellers do, the lessons for the next decade are clear.

The continuing exodus of millions of people to the suburbs puts increased pressure on industry to follow along with plants and distribution centers. A recent survey by DUN'S REVIEW of 107 manufacturers revealed that the majority prefer suburban sites for new plants. They are able to draw on a larger labor supply, since highways tie together the entire metropolitan area, and the suburbs provide better transportation routes and room for parking and expansion, among other advantages.

Following the markets

The new census data call for a reassessment of the location of many warehouses, sales offices, and other facilities that were established a decade or more ago. Only seven of the 23 metropolitan areas with a population of 1 million or more had increases in both the central city and the surrounding counties. (There were, incidentally, only fourteen metropolitan areas of this size back in 1950.)

The more common pattern was a small decline in the core city, and a sizeable rise in the adjacent territory. Even in some growth areas on the Pacific, the same pattern appeared.

In three of the seven metropolitan areas with increases both in the central cities and the surrounding counties—Houston, Los Angeles, and Milwaukee—additional area has been added to the central city itself since 1950. In most of the others, which include Atlanta, San Diego, Seattle, and Kansas City, the city limits already encompass sizeable tracts of suburbia.

The flight to the suburbs is also changing the character of many large cities. Marketers of consumer goods are becoming increasingly aware that as middle-income groups shift to the suburbs, there are much higher proportions of both low- and high-income groups in the urban centers than in the past. To sell the urban market today, wide-awake companies are redefining their sales strategy to take account of these new groupings.

Nearly one-third of the 50 largest cities lost population during the past decade. New York and Detroit were hardest hit. The most spectacular rise among the nation's major cities was scored by Houston, which moved up from No. 14 to No. 6 among the largest cities, while Los Angeles moved ahead to edge Philadelphia out of third place. Indicative of the fast shifts that have been taking place in urban markets is the decline in the rank of Boston: No. 5 back in 1940, it slipped to No. 10 in 1950, and is now No. 13.

More big cities

Despite these and other declines, there are now more large cities than ever before. Cities with a population of 100,000 or over now number 130, compared to 107 back in 1950. Although 27 cities passed the 100,000 mark during the decade, four others slipped down below it: Reading, Pa., Fall River and Somerville, Mass., and Wilmington, Del.

As the table on page 82 shows, the shifts in population between 1950 and 1960 ranged from a decline of 7.8 per cent in West Virginia to a hefty rise of 76.6 in Florida. The two states that gained the most people during the decade were California, which added nearly 5 million, and Texas—there are 1,782,701 more Texans today than there were ten years ago.

When the Census Bureau has proc-

essed data recently collected, marketers will have definitive statistics on the age, occupation, income, and so on, of citizens in the fast-growing states. In the meantime, though, it's a safe guess that the population boom in both California and Florida means new high sales for products that appeal either to older people, to families that spend a good deal of time out-of-doors, or to both. Not all the increase in Florida, of course, has come from the migration of older people seeking the sun, but a lot of it has, and

Population Shifts by State

		1960 Population	Population Change 1950-1960*	Percentage Change 1950-1960*	Percentage of U.S. Total Population 1960
NEW ENGLAND	Connecticut	2,516,799	509,519	25.4	1.41
	Maine	961,967	48,193	5.3	0.54
	Massachusetts	5,115,295	424,781	9.1	2.88
	New Hampshire	600,782	67,540	12.7	0.34
	Rhode Island	841,852	49,956	6.3	0.47
	Vermont	389,881	12,134	3.2	0.22
MIDDLE ATLANTIC	New Jersey	6,039,594	1,204,265	24.9	3.39
	New York	16,655,836	1,825,644	12.3	9.36
	Pennsylvania	11,239,301	741,289	7.1	6.32
E. NORTH CENTRAL	Illinois	10,005,955	1,293,779	14.9	5.63
	Indiana	4,633,395	699,171	17.8	2.61
	Michigan	7,778,220	1,406,454	22.1	4.37
	Ohio	9,647,079	1,700,452	21.4	5.42
	Wisconsin	3,930,312	495,737	14.4	2.21
W. NORTH CENTRAL	Iowa	2,742,753	121,680	4.6	1.54
	Kansas	2,177,822	272,523	14.3	1.22
	Minnesota	3,391,348	408,865	13.7	1.91
	Missouri	4,292,982	338,329	8.6	2.41
	Nebraska	1,404,556	79,046	6.0	0.79
	North Dakota	632,446	12,810	2.1	0.36
	South Dakota	676,738	23,998	3.7	0.38
SOUTH ATLANTIC	Delaware	442,891	124,806	39.2	0.57
	Dist. of Columbia	745,603	−56,575	−7.1	0.42
	Florida	4,886,016	2,114,711	76.3	2.75
	Georgia	3,910,817	466,239	13.5	2.20
	Maryland	3,074,860	731,859	31.2	1.73
	North Carolina	4,531,834	469,905	11.6	2.55
	South Carolina	2,359,234	242,197	11.4	1.33
	West Virginia	1,847,936	−157,616	−7.9	1.04
	Virginia	3,903,555	584,695	17.6	2.19
E. SO. CENTRAL	Alabama	3,245,806	184,063	6.0	1.82
	Kentucky	3,015,967	71,161	2.4	1.70
	Mississippi	2,165,064	−13,850	−0.6	1.22
	Tennessee	3,536,240	244,522	7.4	2.00
W. SO. CENTRAL	Arkansas	1,771,343	−138,168	−7.2	1.00
	Louisiana	3,233,859	550,343	20.5	1.82
	Oklahoma	2,303,408	70,057	3.1	1.30
	Texas	9,488,620	1,777,426	23.0	5.33
MOUNTAIN STATES	Arizona	1,288,433	538,846	71.9	0.72
	Colorado	1,743,516	418,427	31.6	0.98
	Idaho	662,856	74,219	12.6	0.37
	Montana	669,547	78,523	13.3	0.38
	Nevada	282,137	122,054	76.2	0.16
	New Mexico	943,981	262,794	38.6	0.53
	Utah	890,627	201,765	29.3	0.50
	Wyoming	327,531	37,002	12.7	0.18
PACIFIC	California	15,506,974	4,920,751	46.5	8.72
	Oregon	1,757,691	236,350	15.5	0.99
	Washington	2,829,871	450,908	19.0	1.59
	Alaska	224,094	95,451	74.2	0.13
	Hawaii	620,346	120,552	24.1	0.35
	U.S. Population Total	177,885,570	26,559,582	17.6	100.01†

* All changes are increases unless preceded by a minus sign.
† Data rounding results in a total in excess of 100.00. Regional totals appear on chart, pp. 80-81.
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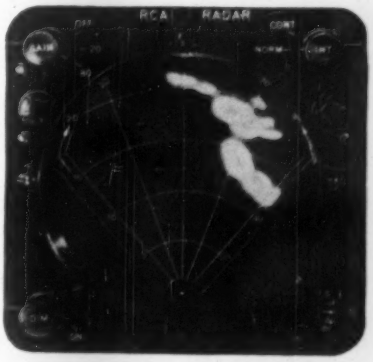

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throughout the nation, they're coming to be recognized as a growth market in themselves: During the next five years the 65 years and older group is expected to rise 50 per cent faster than the total population.

The population push to the Southwest and West re-emphasizes the fact that many manufacturers are going to have to decentralize their manufacturing facilities. High distribution costs and the sharpening of regional differences in consumer tastes make it increasingly hard for many manufacturers to compete successfully in local markets with production from a centralized location. (The "regionalization" of consumer markets has been a marked development of the past decade, and authorities expect it will become even more pronounced in the years ahead. A recent DUN'S REVIEW survey of 458 manufacturers reveals that about half had to pull back from distant markets for one reason alone: high transportation costs.)

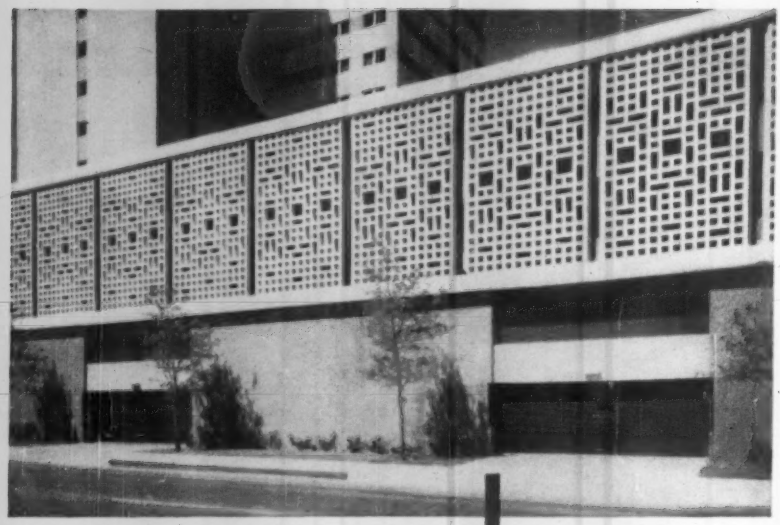
Yet it would be a mistake for a manufacturer of consumer goods to trail along behind the westward movement if it meant turning his back on the older areas of the nation, particularly those that are still gaining income or population or both. New York's gain of 1,825,644 was larger than that of Texas, where contrary to folklore, per capita personal income ($1,908) is considerably lower than in New York ($2,756).

Personal income counts

A big boost in population may mean little in an area that is lagging in personal income, but income gains in slowly expanding areas can still provide a comfortable cushion of sales for many companies. Recently released Government data reveal that average personal incomes were highest—over $2,600—in Delaware, Connecticut, Nevada, New York, California, Illinois, and New Jersey, in that order. In these states, average incomes ranged from 20 to 36 per cent above the national average of $2,166.

In eleven states, personal incomes range from 25 to 50 per cent below the national average. These include, in descending order: Louisiana, Georgia, Tennessee, North Carolina, Kentucky, North and South Dakota, Alabama, South Carolina, Arkansas, and Mississippi.

Between 1958 and 1959, the largest personal income increases—11 per cent—occurred in Florida and Ha-



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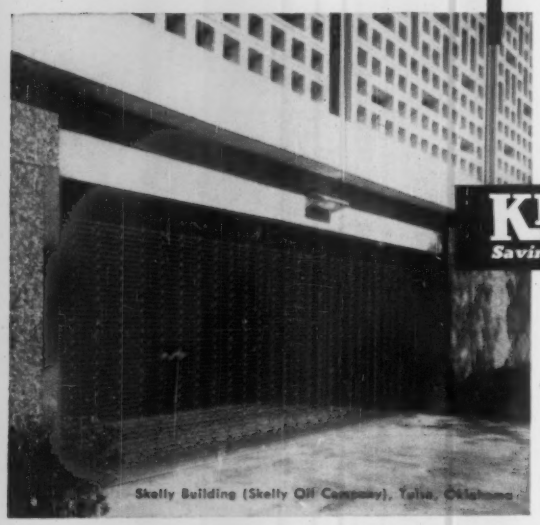
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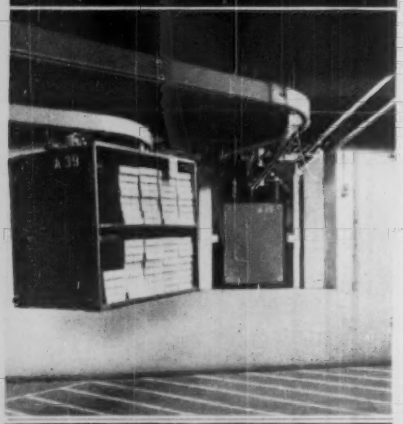

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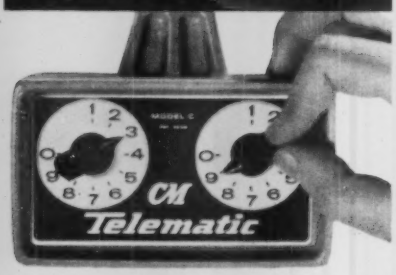

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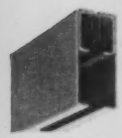

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Power-Flex is designed for automated materials forwarding applications in industrial plants, distribution centers, service buildings and department stores. The most economical system available for loads up to 600 lbs. per carrier. Savings in actual installations range from 25% to 60%.

*Systems in service for your inspection.

Engineered to your very specific requirements.

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CM CONVEYORS

COLUMBUS McKINNON CORPORATION
Conveyor Division
TONAWANDA, N. Y.

waii. Just behind with gains of 10 per cent were California, Nevada, Arkansas, and Mississippi.

The harvest of facts and figures that has been gathered by the Government will be a boon to many manufacturers of consumer goods. Their decisions on product design, distribution methods, sales strategy, and promotional approach will hinge on the answers to vital questions:

- How large is the market?
- Where is it concentrated?
- Where are the areas of fast growth and which parts of the nation are declining in relative importance?
- What are the specific characteristics of the market, such as the income and education of potential customers, their national backgrounds and mother tongue, size of family, type of dwelling and job status?

Material already released, for example, shows that the population rise of 28 million was concentrated in fewer than half of the nation's 3,072 counties. Like many states in which the rural population is drifting to the metropolitan areas, Kansas and Texas experienced drops in population in most counties, even though the total state populations rose. In Kansas, only 34 of the 105 counties gained, and only 109 of Texas' 254 counties increased.

But in the eastern states, where most counties are not too far from metropolitan areas, population increases were more evenly distributed. For instance, all of Connecticut's counties rose, and 51 of the 62 New York counties expanded.

Specific information will be of interest to companies in varied markets. Reports are to come on automobiles and bathrooms per household, and type of heating equipment in the home. When broken down geographically, these figures will help manufacturers pinpoint their growing markets. Special tabulations will be prepared on request at cost.

—THOMAS KENNY

For a complete listing of the kinds of information that will be available from the 1960 Census of Population, along with a schedule of the release dates, write for **Publication Program for the 1960 Census of Population**, available at the Public Information Office, Bureau of the Census, Department of Commerce, Washington 25, D.C.

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1. The names and addresses of the publisher, editor, managing editor, and business managers are: Publishing Director, Alex J. Dughi, 99 Church Street, New York 8, N.Y.; Editor, A. M. Sullivan, 99 Church Street, New York 8, N.Y.; Executive Editor, M. Joseph Dooher, 99 Church Street, New York 8, N.Y.; Managing Editor, Roland Mann, 99 Church Street, New York 8, N.Y.; Business Manager, Viola V. Anderson, 99 Church Street, New York 8, N.Y.

2. The owner is: Dun & Bradstreet Publications Corp., 99 Church Street, New York 8, N.Y.; the name and address of stockholder owning 1 per cent or more of total amount of stock is Dun & Bradstreet Inc., 99 Church St., New York 8, New York.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: None.

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5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: Average paid copies October 1, 1959 to September 30, 1960—121,368.

(Signed) VIOLA V. ANDERSON *Business Manager.*

Sworn to and subscribed before me this 3rd day of October, 1960. ROBERT S. BIBBO (Seal) (My commission expires March 30, 1961.)

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American 4-door Super Sedan—For 1961 the Rambler American is more compact *outside*, yet has room for six average adults *inside*. A Rambler American Custom swept to first place over all other compacts in the 1960 Mobilgas Economy Run! Also available in 2-door sedan, 2-door business coupe, 2- and 4-door station wagons.

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Rambler for 1961 offers three series of compact fleet cars—the world's widest choice of models—with a host of new man-saving, money-saving features including . . .

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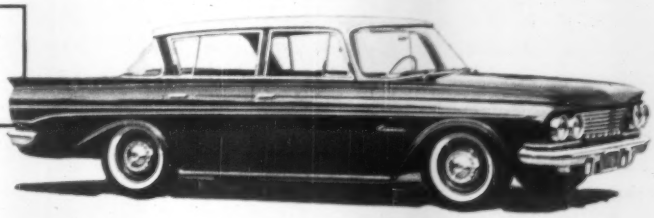
Recent fleet surveys prove Rambler maintenance costs are lowest of all cars, Rambler resale value is tops. See how much more money you save with Rambler—America's Economy King!

Rambler Classic 4-door Super Station Wagon—Here's 80 cubic feet of cargo room for tools, samples, display material, light machinery. Choose from two 6's or high-performing V-8. Initial price may be actually less than competitive *sedans* you are now using. Choice of heavy duty equipment.

American Motors Fleet Department will coordinate purchases for fleet users throughout the country—with or without trade.



Rambler Classic Super 4-door Sedan—Fast becoming America's most popular fleet sedan. If your company leases fleet units, ask your leasing company for low Rambler rates or write us for the names of leasing companies with whom we have working arrangements.

No obligation! Demonstrators available for "on-the-job" test!

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South Office Building
965 State Street, Harrisburg, Pa.
Phone: CEdar 4-2912

What Every Retailer Knows

Observations distilled from the accumulated wisdom of the marketplace by the pragmatic philosopher of retailing:

• People buy what they want, not what they need. Never preach to the customer on what's good for him. He knows somebody who knows better.

• Buying habits are influenced mildly by heredity and largely by envy and environment. That's the basis of prosperity.

• The buying impulse of the female increases faster than the earning power of the male, stimulating sales, profits, and social turbulence.

• Risk is welcomed in an inverse ratio to the size of the debt—which helps increase the rate of inventory and labor turnover, sales volume, and commercial liabilities.

• His regal contempt for actuarial hazards is the basis of the saying that "the customer is king."

• The consumer's ignorance of business cycles and all other forms of statistical evidence is a massive armor against the economic advice of specialists.

• Depressions, recessions, and panics are created by masochists who make their bad dreams come true because they have more faith in failure than success.

• Folly is fuel to the fires of industry. To the despair of the motto makers, personal credit stretches farther than cash and lengthens the lag between cause and effect.

• It's always easier to borrow money than steal it. Why take the moral risk when the economic risk carries milder penalties?

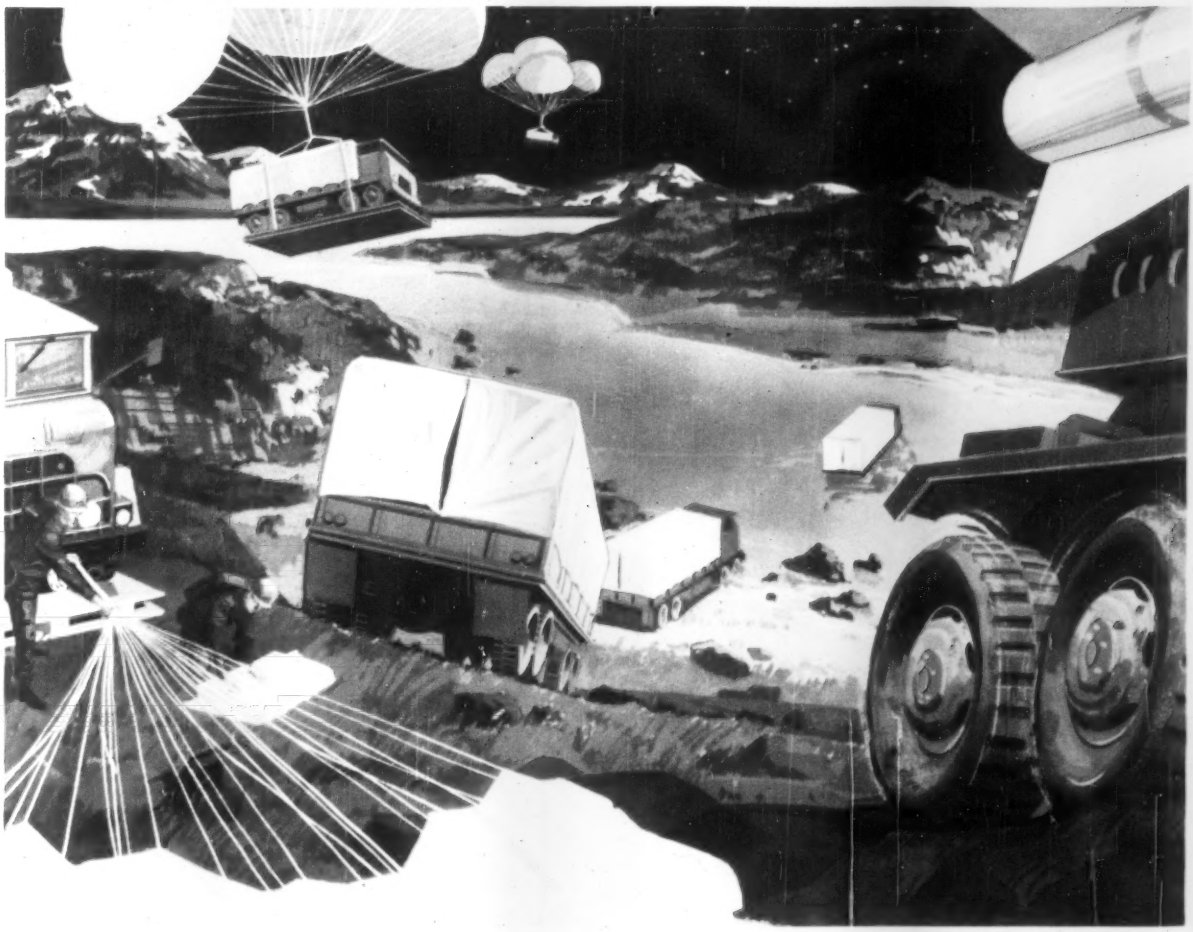
• The vacuum between expenditure and income causes an implosion which destroys personal inertia and causes an immediate scramble for higher productivity.

• Impulse buying is based on the knowledge that the eye is bigger than the stomach, and desire is more compelling than need.

• Thrift is a period of penitence in which the spendthrift sleeps off the memory of his error.

• In selling, tradition is better than erudition, because it contains more faith than doubt. It's smart to bet against a pessimist, anyway, because he is never around to collect his bets. —A.M.S.

ROCKWELL-STANDARD ... Growth through leadership



Triple Threat Mobility... and it runs in a family!

Today the Army is testing prototypes for a completely new "family" of medium duty, multi-wheel-drive vehicles. Vehicles light enough to be transported by air, tough enough to take a parachute drop and travel roughest terrain, versatile enough to either speed along a highway or float across a river.

Three major automotive manufacturers have submitted competitive designs for these amazing new vehicles. Each concept differs widely from the other in its driving assembly. But, because of Rockwell-Standard's 50 years of experience in supplying the military with the most complete line of driving assemblies, *all three prototypes are equipped with Rockwell-Standard axles.*

Since World War I Rockwell-Standard has been an important supplier to the military of driving assemblies for all types of wheeled vehicles – everything between the engines and wheels. Today it also supplies the military with Aero Commander and Commander Alti-Cruiser Aircraft . . . plus filtration products for a wide variety of engines, compressors, jet aircraft and missiles.

This is one of a series of statements to acquaint you with the broad scope of the activities of Rockwell-Standard Corporation.

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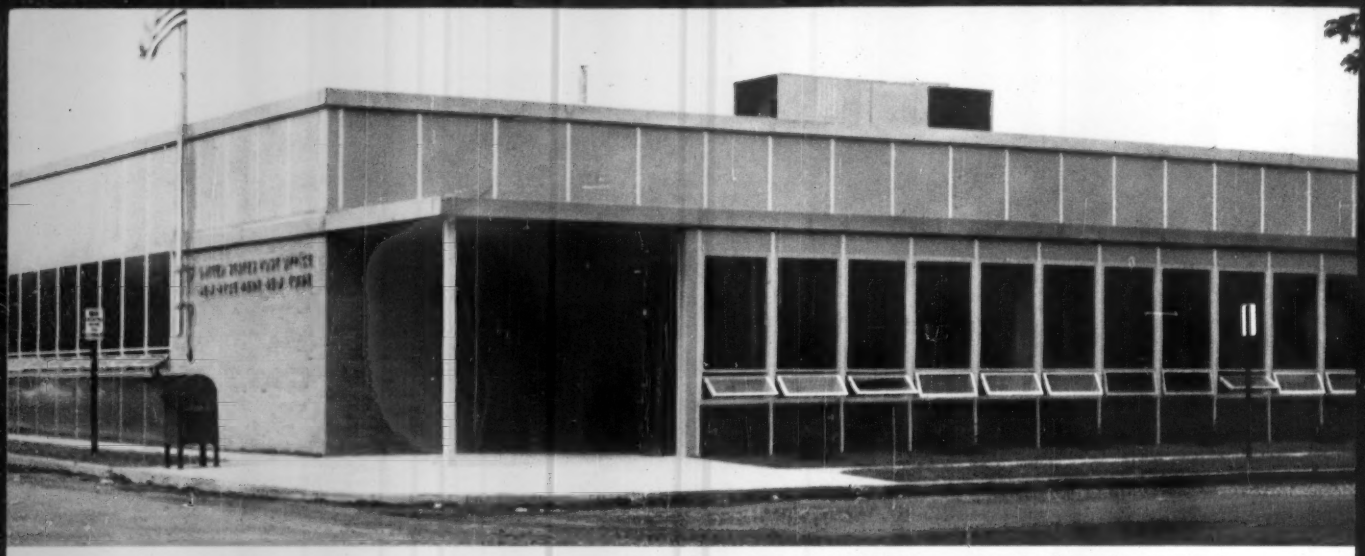
GENERAL OFFICES CORAOPOLIS, PENNSYLVANIA

The 22 plants of Rockwell-Standard Corporation manufacture these famous products • TIMKEN-DETROIT® AXLES • HYDRA-DRIVE® TRANSMISSIONS • GARY® GRATING • BLOOD BROTHERS® UNIVERSAL JOINTS • BOSSERT® STAMPINGS • AERO COMMANDER® and COMMANDER ALTI-CRUISER® AIRCRAFT • AIR-MAZE® FILTERS • KERRIGAN® LIGHTING STANDARDS. Plus these other Rockwell-Standard® products: AUTOMOTIVE BUMPERS • AUTOMOTIVE SEATING • LEAF AND COIL SPRINGS • BRAKES • FORGINGS



Architects: Abraham Woolf & Associates • Contractor: Beacon Construction Company

Plan to build? Handsome AmBridge Modular Buildings

Take a good look at the many advantages of AmBridge Modular Construction before planning your next building.

AmBridge modular buildings go up fast. Less than five months after ground breaking, the new Hyde Park, L. I., Post Office was open for business. All components arrive at the job site precision fabricated and require only a handful of men for construction.

AmBridge modular buildings are efficient. Because steel panels are slim, more room is left for productive floor space. And well insulated panels keep noise low and fire resistance high.

AmBridge modular buildings save money. A breeze to maintain, tough-baked enamel interior partitions sparkle with an occasional wipe. Rugged vinyl surfaces can take almost any abuse without marring. Colorfast porcelainized exterior walls will continue to look fresh and new after years of service. And because steel construction is light, foundations, too, are lighter and less expensive.

AmBridge modular buildings are versatile. The simplicity of modular construction makes these buildings ideal for most any commercial, light industrial, educational or institutional use. The 13,250 sq. ft. post office shown here is divided into 15 areas for box service, work rooms, and supervisory offices. It's as functional as it is attractive. And partitions of AmBridge Modular Buildings can be moved at any time with little bother or expense.

USS and AmBridge are registered trademarks

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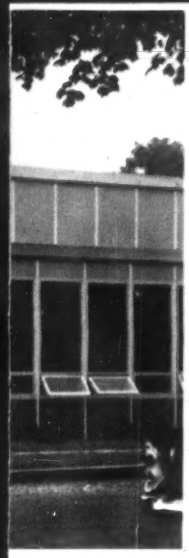
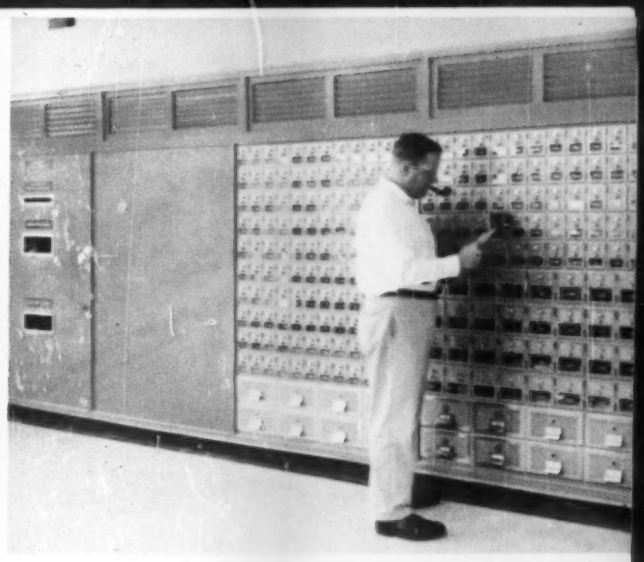
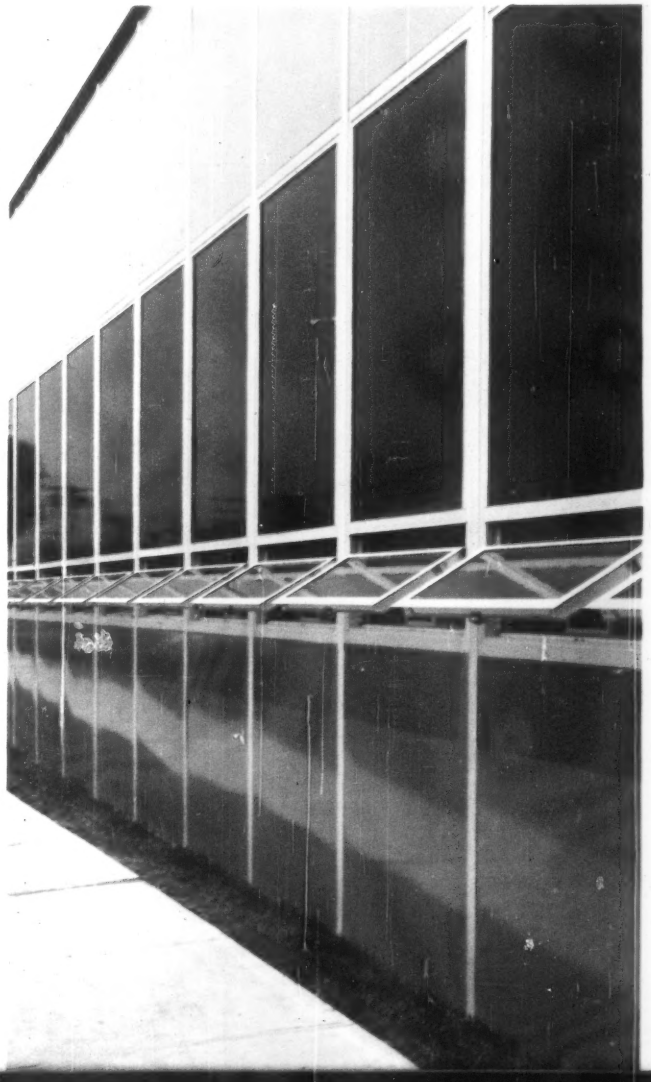
American Bridge Division of United States Steel

USS TRADEMARK





are efficient, versatile, go up fast, save money.



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Mechanical fastened frame with face sheets either side
Mechanical fastened pan-type panel insert supported by a grid system

Insulation and acoustical cores:

Fiber glass, non-combustible, vermin proof, K-factor of .26
Polyurethane foam, 2½# density p/cu.ft., K-factor of .13
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Exterior face sheets:

Stainless Steel (plain or textured)
Color-fast porcelain enamel (in 47 colors)
Ceramic coated sheets
Galvanized sheets

Interior face sheets:

Baked enamel steel sheets (28 colors)
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Galvanized steel

This mark tells you a product is made of modern, dependable Steel.

AmBridge Modular Buildings blend with any surroundings, lend themselves well to modern architectural expression, and are supported by a strong structural steel framework.

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Company _____

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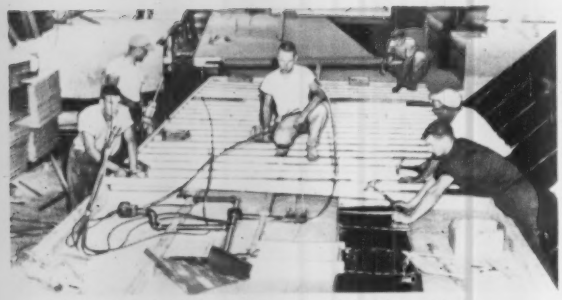
5 to 6 completely-equipped mobile homes, offices or schools are built each day . . . a sharp increase from the 2 per day of 1958. Plant employs 170 people, plans steady increase in production and personnel.

Production and Distribution Problems Solved by a New Plant in VIRGINIA



Production of mobile units starts with building of frame — ends with ready-to-sell home, school or office. Despite many skills involved, flexible operations permit production of many custom-equipped units.

Magnolia plant covers 42,000 sq. ft. of an 18-acre tract — is served by railroad, 2 major highways. Mild Virginia climate assures uninterrupted year-round production. Nearby 90,000-acre lake offers boating, fishing.

In considering a new plant, Magnolia Mobile Homes Corporation sought efficient production and a centralized location in their marketing area. South Hill, Virginia, completely met both requirements. Local labor, trained at the plant for such skilled work as welding and electrical installation, has proven extremely willing and productive. From its Virginia plant Magnolia can economically distribute to the New England, Middle Atlantic and Southeastern states. Biggest market for their mobile homes and offices is Virginia itself.

Magnolia officials praise the all-out cooperation of state and local government in helping them locate at South Hill. If you are looking for a similar cooperative, pro-industry community, phone, wire or write . . .

C. M. Nicholson, Jr., Commissioner
Division of Industrial Development and Planning
Virginia Dept. of Conservation and Economic Development
State Office Bldg., Richmond, Va.
Phone MIlton 4-4111 Ext. 2255

You, too, can find these... and many other great competitive advantages in **VIRGINIA**

. . . a wonderful place to play or work

Companies that give general wage increases are trying hard for an increase in productivity—and some say they are getting results.

WANTED:

Higher Output for Higher Wages

IT MAY have been stymied in the last Congress, but a new minimum wage law is rated by most observers as a sure bet before the next session comes to an end. The inevitable result: A great many U.S. companies will face substantially increased payroll costs during 1961.

Where will they get the money? Some will cut into profits or raise prices to pay more for the same output they've achieved in the past. Others, however, are convinced they should try to get higher productivity when they pay higher wages. Veterans of past general wage increases resulting from a new union contract, a rise in the cost of living index, or tightness in the labor market, these corporations are trying hard to get increased output when they increase wages—and some say the effort has brought measurable success.

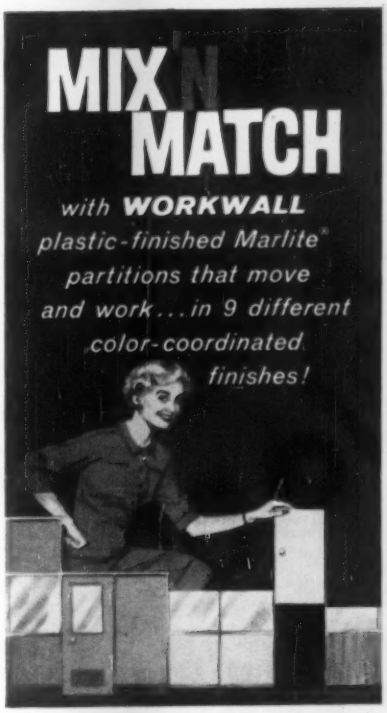
Of 107 companies covered in a recent survey by the Bureau of National Affairs, nearly half report they take steps to improve performance whenever they give a general wage increase.

Improving methods—mentioned by 48 per cent of this group—is by far the most common measure introduced to increase output. Work simplification and rearrangement of schedules are two of the specific procedures cited most frequently.

Several of the companies use more than one means to raise productivity. Nearly a third try for better use of equipment. Better use of personnel—through elimination of "deadwood," improved hiring practices, and so on—is mentioned by 25 per cent. Only 16 per cent place any faith in exhortation—stepped-up programs of "communication" to tell employees what a cost increase will mean to the company and stress the need of a "fair day's work for a fair day's pay." An even smaller number find it possible to offset general increases in some part by adjusting their incentive plans.

Many changes in methods and attempts to achieve better utilization of personnel can be stymied by provisions in the union contract—clauses governing size of work crews, seniority, distribution of overtime, and so on. (See "Work Rules: Can Management Regain its Rights?" DUN'S REVIEW, October, 1960, page 38.) The steel industry ran head on into a long strike when it began beating the drums for changes in work rules, but there are other industries which have succeeded in winning a *quid pro quo* at the bargaining table.

For example, one large chemical company bargained out plant-wide seniority a few years ago, eliminating a sizable "bumping" problem. Last year, it went on to win back the right to schedule vacations as it saw fit. In another case, an automobile company has cut down the number of union



It's the latest, greatest achievement in movable partitions! Comes in 5 woodgrain finishes and 4 pastel colors of stain-resistant, easy-to-care-for plastic-finished Marlite that you mix 'n match to your heart's content.

And Workwall is economical! Its one, exclusive patented system accommodates any elevation from as low as 42-inches to as high as 12-feet.

Perfect for offices, industry, institutions, schools—wherever changing conditions require the flexibility of color-coordinated movable partitions.

Write now for our free catalog . . . and see for yourself how high-style movable partitions can be individualized at a low, low price well within your budget! Coupon below brings catalog that tells all!

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Division of L. A. DARLING COMPANY
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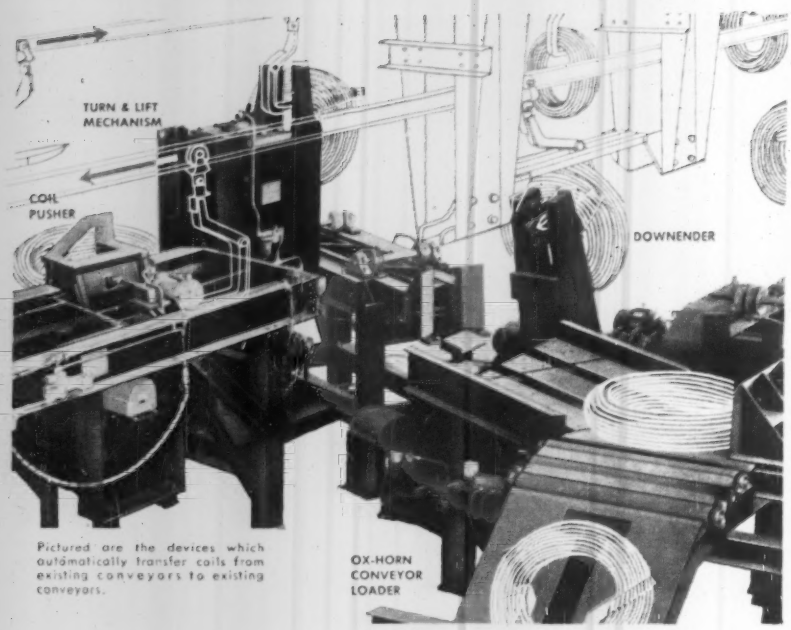

Pictured are the devices which automatically transfer coils from existing conveyors to existing conveyors.

Planet Versatility saves money...

NEW AUTOMATIC COIL HANDLING SYSTEM UTILIZES EXISTING CONVEYORS

This custom-engineered automatic coil handling system is an example of how *Planet Versatility* saved one of America's largest steel mills substantial capital investment by designing a system to load and unload *existing* conveyors.

When modernizing its 10-inch bar mill to handle larger, 2,000-pound bar coils, this firm called in Planet Corporation to engineer, fabricate and install an automatic handling system. Instead of scrapping all existing equipment, Planet engineered devices to automatically transfer red-hot bar coils from *existing* conveyors to *existing* conveyors.

The transfer equipment designed by Planet, plus synchronization of the existing conveyors, converted the old operation into a completely automatic, 15-second cycle system.

If your plant has a materials handling or automation problem, "PV"—*Planet Versatility*—will save your time in finding cost-saving, efficiency-increasing solutions. Let Planet demonstrate how its versatile engineering skill and manufacturing know-how can help you. It has paid leading manufacturers in nearly every industry to plan with Planet . . . *it will pay you too!* Write today.

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PLANET CORPORATION

1835 SUNSET AVENUE, LANSING, MICHIGAN

Engineered Handling Systems • Automation Equipment • Mill & Foundry Handling Equipment

representatives who devote practically full time to grievance handling, returning the rest to productive work.

Some companies, in fact, are taking a leaf out of the unions' book and hollering until they get results. For a long time unions have made a practice of bringing up a demand year after year until they finally "establish a principle." Even if the original concession doesn't cost the company much, the union can still go after the money later on. Now industry is adopting the same tactics.

In many cases, these have brought more permanent gains than "cracking down" on deadwood and idlers. One trade association executive comments: "It's been my experience that companies start to tighten up whenever wages go up or there's a recession. Perhaps they do get rid of some of the worst time-wasters. But once the recession is over or they get accustomed to the new rates, the old inefficient practices come back."

Back to merit increases?

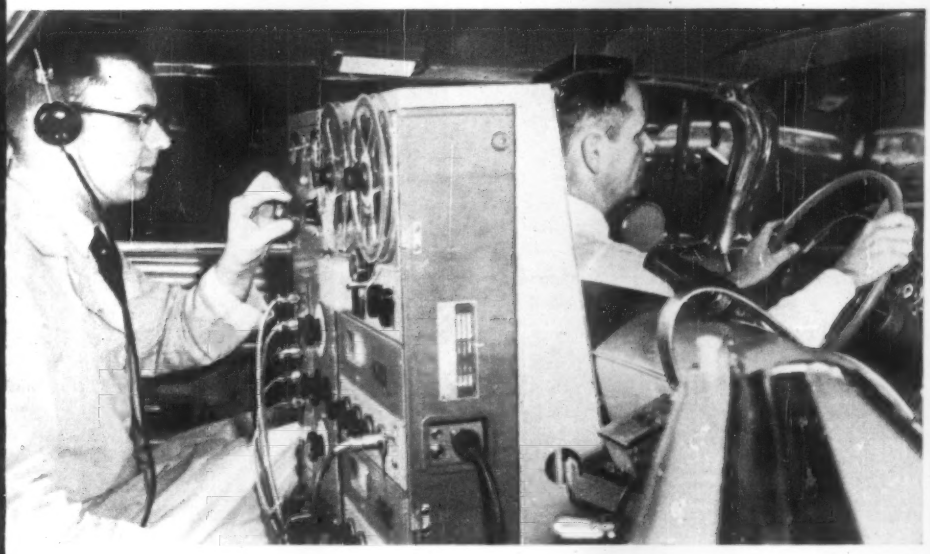
If companies could go back to a straight merit increase system and dispense with general increases altogether, would a major part of the difficulty be eliminated? Surprisingly, almost half of the larger companies replying to the BNA survey, and 38 per cent of the smaller companies, believe this would just be exchanging one set of problems for another, perhaps more difficult.

"Theoretically, this sounds very good," one executive states. "But it is extremely difficult to set up standards that can be applied fairly for all classifications. The contract we signed in 1947 had such a provision to cover the probationary period of new personnel, but there was so much bickering and so many charges of favoritism that we went over to a service period for everyone."

Even among those who think getting back to merit increases would be "wonderful" if it could be done, there are some who feel that merit-rating procedures would need a lot of improvement before they became entirely workable.

Clearly, management will never launch a chorus of cheers at the prospect of higher payrolls, but obviously many companies feel that if wages must go up, a blanket increase is preferable—and they'd like to see a matching rise in output as well.

—ALICE SMITH



TIRE NOISE: *To compare new designs, Firestone researchers record tire noise from the rear seat of a speeding car. Microphones mounted near the tires pick up the noise.*

Industry's New Sound Barrier

INDUSTRY is facing a new sound barrier. Unlike the one that rattled the early jets, this barrier is at least partly psychological. It involves the rattling of sensitive human eardrums—and it can cost industry a lot of money.

The barrier is that level of noise which irritates. With more, bigger, and faster equipment moving into offices and factories, more and more people—employees, neighbors, and, most disquieting of all, customers—are likely to be blown over their personal sound barriers. Beyond the problem of irritation and loss in worker efficiency looms the more ominous issue of paying compensation claims for hearing losses that involve increasing sums of money every year. In this era of enlightened human and public relations, industry is consequently ready to spend tens of millions of dollars to nullify noise.

Noise in plants and from vehicles is more serious than in offices or stores because it is generally louder —sometimes to the point of causing deafness—more difficult, and costlier to control. (For an analysis of the noise problem in offices see " 'Sound' Approach to Office Design," DUN'S REVIEW, September 1959, page 128.)

The most demanding new aspect of noise nullification is the growing insistence of the customer—commercial, consumer, or military—on equipment that runs quietly. Noiselessness has been a concern of the military since Wolfe's invaders crept up below Quebec. Now industry has begun to include "noise specifications" in its purchase orders for new machinery. Manufacturers are anxious to hold noise levels to values considered safe or non-irritating for prolonged exposure.

To meet this new imperative, at a time when parallel demands for higher speed and more output per pound make its attainment more difficult, machinery manufacturers are using three main approaches. Most effective but most difficult is redesign of the product. (Fortunately, design engineers can now utilize computers to work out the involved and cumbersome design formulas that define quieter machine configurations.) Other manufacturers can substitute new materials, such as nylon for metal in small gears, to quiet present models. The final alternative is to use more sound-absorbing materials. If the noisier elements can be isolated, as in cars, the job is simpler. But if the entire machine is noisy, then it must be swathed in sound absorbers, which can easily add 5 or 10 per cent to costs.

When redesign to cut noise is particularly successful, the new quiet can make a strong selling point.

One of the most unusual aspects of the noise problem is the discovery, made a few years ago, that noise can hurt more substantial things than eardrums. Aeronautical engineers were

» *Bigger, higher-speed equipment just naturally makes more noise—but the customers want quiet.*

» *Here's how companies are moving to curb a growing nuisance, avoid costly legal problems.*

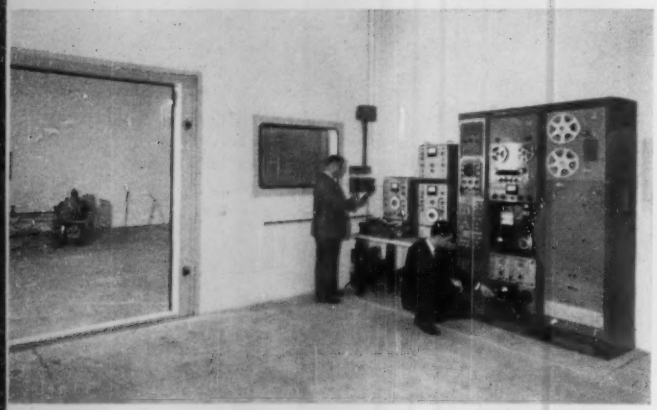
mystified at first when wing panels cracked and electronic apparatus went haywire on their new planes. Painstaking tracking down of the cause revealed the extremely loud noise made by new and powerful jet engines as the culprit.

To cure this new headache, missile and aircraft manufacturers have had to beef up some structural parts and move electronic gear away from the engines. To make sure that their products can resist extreme noise, the aircraft and electronic industries have been forced to design and build extremely costly test facilities that duplicate jet and rocket noise. It often takes hundreds of thousands of dollars to build a "reverberation room" with foot-thick concrete walls resting on giant springs.

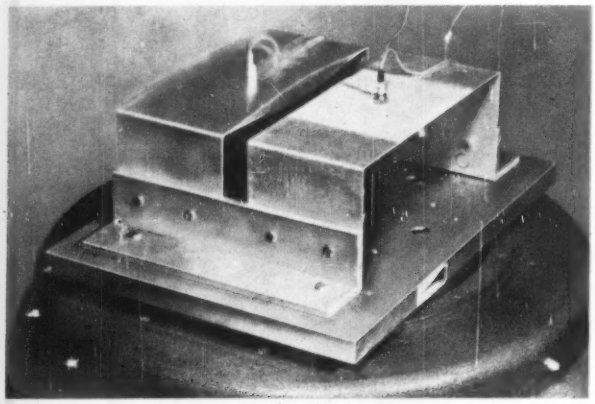
Noise, its transmission and reception, are complicated phenomena. Acoustical scientists and physiologists are still making new discoveries in this field. New solutions to old noise problems may be on the way.

In this context, companies faced with noise problems should seek the advice of the most up-to-date organizations. For all but the biggest companies, trying to nullify noise on a do-it-yourself basis can be partially effective at best—and at worst, completely disastrous.

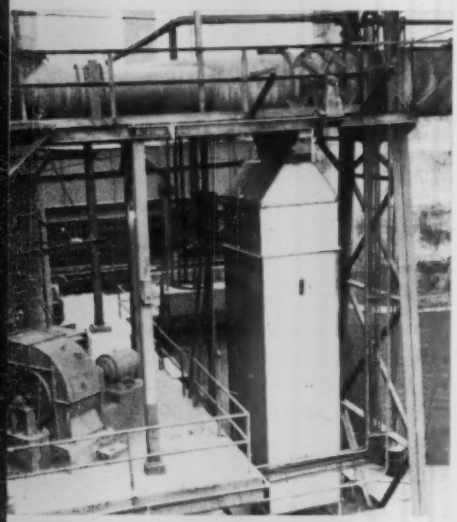
—MELVIN MANDELL



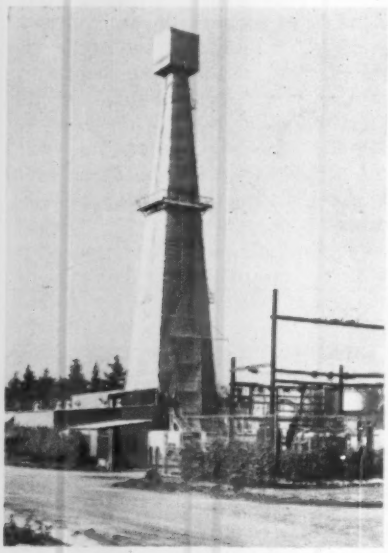
NOISEMAKER: *This is only part of the expensive electronic equipment needed to record and analyze test results on machines subjected to high noise in the reverberation room at left. (When tests are conducted, the huge door is closed because the noise is literally loud enough to kill.) This concrete-walled facility at the York, Pa., Division of Borg-Warner Corp. is suspended on enormous springs.*



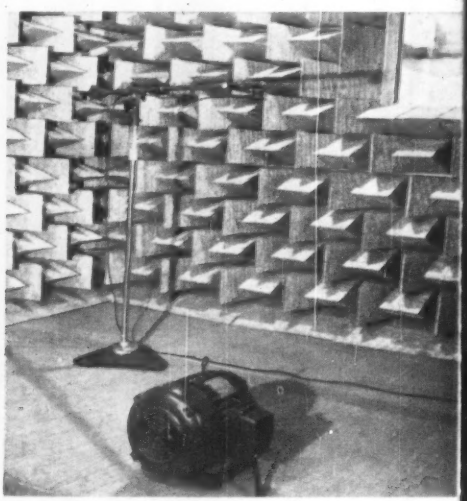
NOISE NULLIFIER: *Structure-borne noise can be dampened with an unusual new Korfund "visco-elastic" coating called Vibro-damper. The metal section at the right has been sprayed with the compound. When it is shaken with an untreated twin on a vibration table, only the latter vibrates noisily. The coating, which is handled like paint, is non-toxic and nonflammable and is resistant to petroleum products.*



SHORT SNORT: *To deaden the ear-splitting shriek, "snort valves" on Kaiser Steel blast furnaces have been fitted with huge mufflers (light structure at right). This is part of a continuous program at this Fontana, Calif., plant to prevent occupational deafness.*



GOOD-NEIGHBOR POLICY: *Companies operating near residential areas must often take special precautions to muffle objectional noise. Many Los Angeles oil drillers now wrap entire wells in sound-absorbing sheaths.*



THE LOST ECHO: *A motor undergoes a noise test in Westinghouse's new anechoic chamber. Wedges on the walls absorb all echoes so that only the motor's noise is picked up by the microphone. Some test rooms being constructed by American manufacturers are big enough to hold the largest utility transformers.*

In power...room...comfort...economy

the hot fleet topic is the new Tempest!

Here's the new-size fleet car that makes real sense . . . that overcomes the drawbacks of the compacts.

The Tempest's Trophy 4 is ready, eager and able to take on the sixes. There's no wait for response; it takes steep hills in easy high-gear stride. You get where you're going right along with the big ones.

The Tempest's sensible size does away with driver cramp. There's stretch-out room for six (practically flat floor); more head-room, leg-room, elbow-room, hip-room; trunk space that's ample and usable.

The Tempest cuts down travel fatigue as no compact can. Front engine rear transmission gives the stability and all-weather traction of 50-50 balance. Wide-Track design, 112-inch wheelbase and coil springs at all four wheels cushion the rough routes. Visibility is greater; there's no hemmed-in feeling.

Tempest economy starts with its slanted 4-cylinder power plant that outperforms the sixes on less gas. Every 100 miles, Tempest's big 15″ wheels turn thousands of times less than 13″ compact wheels. Long tire life. Many engine parts are interchangeable with Pontiac's Trophy V-8. Less repair costs and down-time. Tempest is built side by side with Pontiac. You can be sure its quality will pay off at trade-in time. First cost is less than most commonly used sixes.

See your Pontiac dealer for more details about the economy fleet car that makes real sense. Or write Fleet Sales Dept., Pontiac Motor Division, Pontiac 11, Mich.

TEMPEST THE ECONOMY FLEET CAR WITH PONTIAC PRESTIGE

14 Important Ratios in 24 Wholesale Lines

Prepared under the direction of Roy A. Foulke

RECENTLY a wholesale merchant in a small southern state was moved to make a statement of what he considered his most vexing problems. He cited the following: growing intensity of competition; falling profit margins; longer credit terms; slower collections; large merchandise returns from customers; resulting accumulations of damaged, soiled, and obsolete merchandise; and a tendency among some of his customers to buy direct from manufacturers.

Any wholesaler could undoubtedly add a few vexations of his own. For wholesalers are, indeed, beset with problems these days. And because of this, there is a frequent tendency among less informed observers to write off wholesaling as an obsolete industry. The truth is, however, that wholesalers have been growing in both sales and numbers.

The trend is up

Between 1954 and 1958, the aggregate dollar volume of merchant wholesalers rose 20 per cent, and the number of wholesale establishments grew 15 per cent. These figures indicate that if wholesaling is becoming more and more competitive, and therefore more and more subject to adjustment to change, it is at least healthy enough to attract newcomers and to obtain its share of sales in a growing economy.

Compared with trends in 1958, the current (1959) ratios reflect improvement in the majority of the wholesale lines surveyed. The median ratio of "Net Profits on Net Sales" rose in 15 wholesale trades, while declining slightly in 9 others. The median relationship of "Net Profits on Tangible Net Worth" increased in 14 wholesale industries while declining in 8 and showing no change in 2.

In 21 of the 24 lines the median for "Net Profits on Tangible Net Worth" was still below 10 per cent. It seems clear that many wholesalers are faced with the necessity of reviewing costs and administrative operations carefully and continuously if they are to get profit margins up to a satisfactory level.

Obviously, the more efficient wholesalers are doing just that, as well as providing the service, the promotion, and the selling effort which distinguish the exceptional business man from the one whose performance is only average. For in the upper quartile ranges, net profits to tangible net worth exceeded 10 per cent in 17 of the 24 lines!

Collection experience improves

Collections, which have troubled wholesalers in recent years, appear to have improved generally in 1959. The median collection period improved in 18 lines, though it was longer in 6 others.

Most of the remaining ratios appeared quite favorable. Using a broad rule of thumb that the relationship of current debt to tangible net worth should seldom exceed 75 per cent, it is interesting to observe that in only one of the wholesale lines was this broad yardstick exceeded in the median range—namely, electrical household appliances, for which the median was 97.4 per cent.

In summary, the 1959 ratios point up once again the need for continued emphasis on profitability. The rugged competition of the times makes adjustments in both thinking and operating methods imperative. If there was once a time when wholesaling could be conducted with inaccurate record keeping, inadequate financial, sales, and personnel controls, and faulty management generally, that day is over.

—RICHARD SANZO

Definitions of Terms

The Ratios—The data used are based upon a representative sampling with a tangible net worth which only occasionally is below $50,000. . . . The center figure for each of the twelve lines is the median. The other two figures in each line are quartiles; for each ratio they indicate the upper and lower limits of the experiences of that half of the concerns whose ratios are nearest to the median.

Collection Period—The number of days that the total of trade accounts and notes receivable (including assigned accounts and discounted notes, if any), less reserves for bad debts, represents when compared with the annual net credit sales. Formula—divide the annual net credit sales by 365 days to obtain the average credit sales per day. Then divide the total of accounts and notes receivable (plus any discounted notes receivable) by the average credit sales per day to obtain the average collection period.

Current Assets—Total of cash, accounts and notes receivable for the sales of merchandise in regular trade quarters less any reserves for bad debts, advances on merchandise, inventory less any reserves, listed securities when not in excess of market, state and municipal bonds not in excess of market, and United States Government securities.

Current Debt—Total of all liabilities due within one year from statement date, including current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as gross reserves for Federal income and excess profit taxes, reserves for contingencies set up for specific purposes, but does not include reserves for depreciation.

Fixed Assets—The sum of the cost value of land and the depreciated book values of buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

Funded Debt—Mortgages, bonds, debentures, gold notes, serial notes, or other obligations with maturity of more than one year from the statement date.

Inventory—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

Net Profits—Profit after full depreciation on buildings, machinery, equipment, furniture, and other assets of a fixed nature; after reserves for Federal income and excess profit taxes; after reduction in the value of inventory to cost or market, whichever is lower; after charge-offs for bad debts; after miscellaneous reserves and adjustments; but before dividends or withdrawals.

Net Sales—The dollar volume of business transacted for 365 days net after deductions for returns, allowances, and discounts from gross sales.

Net Sales to Inventory—The quotient obtained by dividing the annual net sales by the statement inventory. This quotient does not represent the actual physical turnover, which would be determined by reducing the annual net sales to the cost of goods sold and then dividing the resulting figure by the statement inventory.

Net Working Capital—The excess of the current assets over the current debt.

Tangible Net Worth—The sum of all outstanding preferred or preference stocks (if any) and outstanding common stocks surplus, and undivided profits, less any intangible items in the assets, such as good will, trademarks, patents, copyrights, leaseholds, mailing list, treasury stock, organization expenses, and underwriting discounts and expenses.

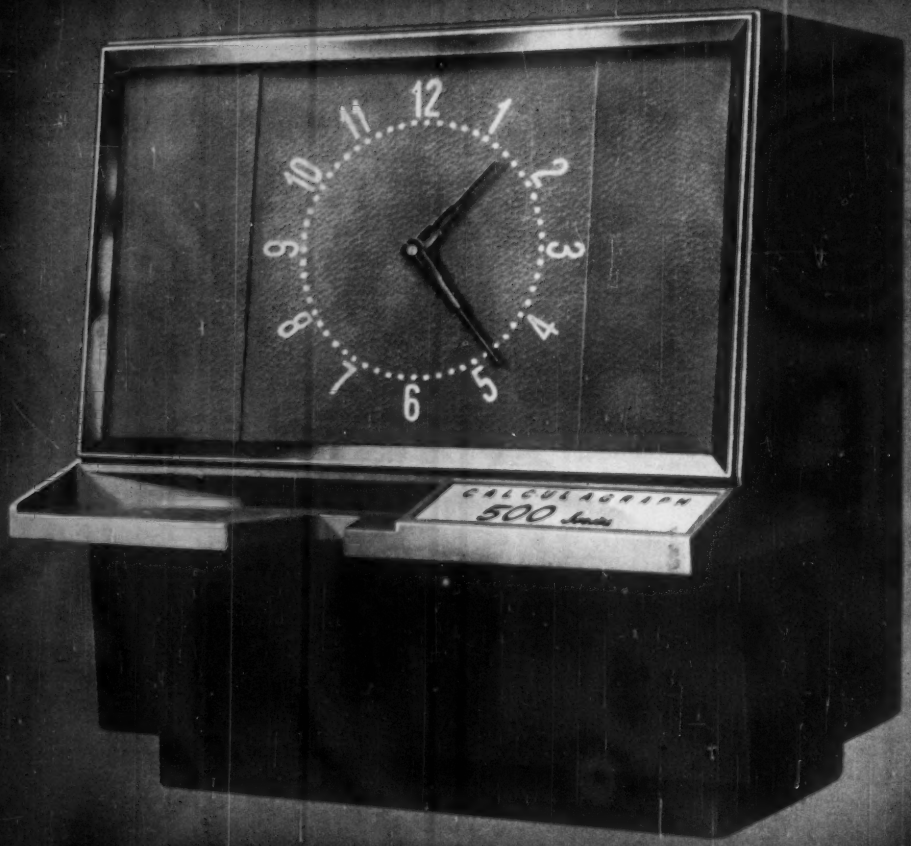
Turnover of Tangible Net Worth—The quotient obtained by dividing annual sales by tangible net worth.

Turnover of Net Working Capital—The quotient obtained by dividing annual net sales by net working capital.

Line of Business (and Number of Concerns)	Current assets to current debt	Net profits on net sales	Net profits on tangible net worth	Net profits on net working capital	Net sales to tangible net worth	Net sales to net working capital	Collection period	Net sales to inventory	Fixed assets to tangible net worth	Current debt to tangible net worth	Total debt to tangible net worth	Inventory to net working capital	Current debt to inventory	Funded debts to net working capital
	Times	Per cent	Per cent	Per cent	Times	Times	Days	Times	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
FOR 24 WHOLESALE LINES—1959 MEDIANS AND QUARTILES														
Automobile Parts and Accessories (213)	4.39	3.32	10.49	13.41	4.90	7.72	28	8.5	0.9	17.4	33.6	44.1	48.5	9.1
	2.84	**1.78**	**6.78**	**9.13**	**3.21**	**5.83**	**45**	**6.3**	**2.7**	**46.3**	**78.6**	**72.3**	**74.0**	**18.6**
	2.08	1.01	3.08	4.71	2.39	2.76	67	4.6	12.0	94.4	260.4	107.9	118.0	26.5
Baked Goods (48)	2.59	3.88	16.55	99.37	5.51	10.21	32	9.6	3.9	44.2	91.9	65.6	79.0	6.9
	1.95	**2.35**	**12.40**	**51.25**	**4.09**	**7.23**	**41**	**7.0**	**7.8**	**97.4**	**134.2**	**93.9**	**105.0**	**18.2**
	1.37	0.67	3.43	12.27	3.39	5.09	57	5.4	16.1	160.8	229.5	145.7	141.5	49.0
Cigars, Cigarettes and Tobacco (79)	2.92	0.78	10.34	12.95	24.43	7.14	32	10.0	15.0	23.6	42.5	54.3	48.2	11.7
	2.05	**0.33**	**5.70**	**8.59**	**16.59**	**4.06**	**37**	**6.1**	**26.5**	**38.1**	**65.1**	**68.5**	**70.7**	**21.8**
	1.60	0.14	3.10	5.48	10.00	3.41	40	4.6	41.1	61.3	99.8	87.6	105.9	38.6
Confectionery (26)	4.19	2.30	11.28	15.67	14.68	21.16	31	13.5	7.6	20.9	46.9	41.6	42.6	13.3
	2.60	**0.80**	**7.00**	**7.52**	**8.11**	**5.96**	**41**	**6.4**	**13.8**	**39.7**	**74.3**	**71.0**	**71.8**	**22.5**
	1.79	0.28	2.97	3.78	4.76	2.90	48	4.0	23.6	87.6	165.3	89.0	128.6	45.5
Drugs and Drug Sundries (78)	3.19	2.26	12.13	16.73	8.48	6.68	25	9.9	9.6	20.2	44.1	53.8	44.0	6.0
	2.66	**1.63**	**9.30**	**11.31**	**5.26**	**5.45**	**34**	**7.3**	**20.5**	**38.8**	**80.3**	**76.8**	**70.8**	**21.1**
	2.02	0.69	5.19	6.05	4.10	3.92	64	4.5	35.5	77.7	145.2	103.8	116.3	43.3
Dry Goods (161)	5.16	2.18	8.88	11.64	6.60	37.20	9	99.5	11.4	20.3	43.9	19.7	94.6	28.6
	2.62	**0.78**	**3.61**	**4.46**	**4.52**	**28.73**	**12**	**44.1**	**21.4**	**48.3**	**100.3**	**38.8**	**152.4**	**34.0**
	1.90	0.34	1.71	1.75	3.28	15.66	14	26.1	42.1	99.4	131.8	90.2	221.7	155.4
Electrical Parts and Supplies (134)	3.38	1.94	10.03	13.83	7.44	6.80	25	8.3	7.1	10.3	55.5	51.5	23.5	14.6
	2.43	**1.23**	**4.96**	**6.83**	**5.07**	**4.08**	**35**	**5.1**	**15.0**	**32.0**	**73.0**	**72.9**	**54.2**	**17.6**
	1.90	0.59	2.44	2.93	2.74	2.61	44	3.5	30.4	54.7	86.8	111.7	85.8	78.2
Fruits and Produce, Fresh (49)	5.17	4.37	22.11	60.41	14.89	10.76	28	10.5	4.5	28.4	58.9	62.2	47.3	10.3
	2.84	**1.18**	**8.08**	**24.28**	**9.40**	**6.36**	**37**	**7.7**	**10.4**	**51.2**	**86.0**	**75.9**	**80.0**	**18.4**
	1.88	0.43	5.13	9.56	6.29	4.74	47	5.8	23.7	83.5	126.4	96.9	117.6	34.5
Furnishings, Men's (36)	5.19	5.96	15.12	20.68	4.39	5.93	36	8.2	6.9	19.2	44.4	60.0	37.4	8.0
	2.79	**1.59**	**6.41**	**6.51**	**2.78**	**4.42**	**43**	**5.8**	**14.6**	**36.9**	**75.5**	**76.5**	**63.7**	**20.1**
	2.09	0.70	1.91	2.10	1.43	3.34	58	4.5	25.3	72.2	114.2	104.9	93.4	34.3
Gasoline, Fuel Oil, and Lubricating Oil (47)	2.62	2.85	13.75	24.73	11.29	7.38	51	8.6	0.9	31.9	60.7	47.0	64.5	10.7
	1.95	**1.66**	**8.94**	**8.97**	**4.51**	**5.28**	**62**	**7.0**	**3.7**	**68.1**	**107.6**	**76.7**	**103.8**	**24.2**
	1.38	0.52	5.67	8.13	3.37	3.99	76	5.7	11.3	122.1	177.1	111.9	145.6	33.5
Groceries (250)	4.50	1.13	9.89	13.74	13.83	12.74	47	17.7	4.1	24.1	56.1	59.1	57.7	4.6
	2.65	**0.58**	**5.17**	**7.36**	**8.67**	**10.35**	**33**	**8.6**	**11.4**	**69.1**	**129.3**	**84.2**	**91.6**	**11.5**
	1.83	0.29	2.59	3.38	6.14	5.08	47	5.4	26.4	122.8	147.1	136.0	142.5	23.1
Hardware (196)	6.48	2.57	8.81	9.68	4.79	8.65	29	19.0	2.8	36.3	46.6	24.9	80.2	5.2
	3.42	**1.42**	**4.90**	**5.63**	**2.87**	**6.66**	**44**	**6.0**	**12.0**	**67.4**	**89.0**	**57.5**	**139.6**	**23.7**
	2.29	0.66	2.36	3.07	2.22	5.64	84	5.2	25.5	78.4	110.5	78.4	209.7	37.0
Hosiery and Underwear (37)	5.53	5.21	11.12	11.21	6.38	6.62	30	6.1	6.1	22.0	47.3	73.0	39.5	6.1
	2.90	**0.71**	**3.43**	**4.66**	**3.77**	**4.23**	**38**	**4.5**	**12.9**	**42.1**	**76.3**	**93.4**	**56.2**	**17.7**
	1.92	0.15	0.75	0.77	2.41	3.24	45	3.5	28.4	67.5	107.4	119.4	84.2	36.2
Household Appliances, Electrical (103)	2.87	1.60	12.05	13.99	9.22	33.15	10	48.9	61.7	17.3	28.7	43.4	115.2	22.6
	1.91	**0.88**	**7.25**	**8.39**	**7.00**	**13.98**	**14**	**31.2**	**80.0**	**27.8**	**48.0**	**68.6**	**206.6**	**58.4**
	1.51	0.59	3.98	3.87	4.71	9.09	20	14.3	97.0	37.3	70.2	90.9	266.4	121.0
Iron and Steel Sheets, Strips, Bars and Plates (72)	4.41	4.21	13.02	17.57	4.68	37.46	13	32.9	5.0	38.6	76.7	61.9	75.0	8.4
	3.06	**3.02**	**10.53**	**14.06**	**3.43**	**19.20**	**18**	**22.6**	**11.7**	**75.0**	**103.1**	**82.1**	**118.3**	**24.8**
	2.19	2.13	8.39	9.24	2.80	11.66	21	18.4	21.2	123.6	153.6	129.4	166.1	41.5
Lumber (91)	4.62	2.08	9.50	11.26	9.02	23.54	22	26.6	4.1	19.0	17.8	54.5	50.7	7.0
	3.21	**1.28**	**5.48**	**7.31**	**4.57**	**11.92**	**28**	**13.5**	**10.2**	**54.9**	**128.7**	**78.7**	**83.5**	**24.4**
	1.76	0.08	1.65	1.95	2.41	6.14	32	8.2	23.7	80.8	155.9	110.9	132.0	49.9
Lumber and Building Materials (109)	4.32	3.11	9.61	15.40	5.83	9.26	27	9.2	6.7	36.2	55.7	73.8	56.8	10.7
	2.90	**1.35**	**5.10**	**6.15**	**4.16**	**6.33**	**35**	**7.2**	**17.4**	**51.6**	**70.7**	**89.6**	**70.6**	**20.9**
	2.02	0.62	2.80	3.61	3.13	4.37	46	5.8	30.0	83.3	109.3	107.1	89.6	42.6
Meat and Poultry (43)	4.23	1.54	14.36	30.41	23.52	7.88	37	7.2	2.1	16.8	43.1	50.8	39.7	7.2
	2.28	**0.61**	**9.17**	**12.12**	**12.69**	**5.33**	**49**	**6.1**	**4.9**	**51.7**	**59.8**	**76.6**	**73.2**	**17.0**
	1.68	0.30	4.59	7.94	7.54	3.87	64	4.9	11.4	94.9	94.0	110.0	116.7	38.4
Paints, Varnishes and Lacquers (36)	9.01	2.30	6.54	10.20	5.28	8.16	32	8.5	5.1	36.6	52.2	68.6	56.6	9.3
	3.54	**1.54**	**4.07**	**4.20**	**3.27**	**5.92**	**44**	**5.9**	**11.9**	**58.8**	**82.5**	**82.9**	**82.8**	**17.4**
	2.11	0.57	0.30	2.18	1.80	3.84	59	3.4	25.3	94.4	150.0	109.9	119.6	27.5
Paper (129)	3.93	1.64	9.13	12.94	7.51	20.33	12	90.9	14.6	15.4	56.2	8.5	98.3	9.6
	2.71	**1.17**	**6.52**	**7.55**	**5.01**	**13.90**	**20**	**52.3**	**26.5**	**34.0**	**119.3**	**30.7**	**215.1**	**67.9**
	1.90	0.69	3.99	4.83	3.60	10.75	30	25.0	45.3	67.6	423.3	75.0	420.7	159.6
Plumbing and Heating Supplies (179)	5.00	3.02	11.03	14.47	4.85	4.49	26	7.4	1.2	14.3	43.0	51.6	41.6	7.0
	3.13	**1.72**	**6.97**	**7.63**	**3.65**	**3.28**	**42**	**4.0**	**3.7**	**50.9**	**65.1**	**70.3**	**66.9**	**16.8**
	2.18	0.74	2.43	2.82	2.60	2.83	59	2.6	17.8	73.7	142.7	87.7	118.7	26.5
Shoes, Men's, Women's and Children's (62)	3.60	1.57	7.94	8.20	7.96	17.50	19	29.3	20.0	28.0	31.6	27.3	110.0	4.5
	2.30	**0.97**	**4.34**	**4.73**	**5.05**	**13.51**	**33**	**14.2**	**44.1**	**48.0**	**74.9**	**62.9**	**168.7**	**8.7**
	1.70	0.07*	0.35*	0.39*	3.42	6.44	40	10.3	68.9	118.4	107.1	89.4	387.0	52.6
Wines and Liquors (52)	3.69	2.07	11.48	17.50	7.58	17.78	11	14.7	7.7	24.2	61.1	72.9	35.7	10.6
	2.09	**1.45**	**6.68**	**11.18**	**5.92**	**10.85**	**15**	**11.2**	**14.8**	**48.7**	**96.0**	**100.8**	**60.1**	**29.3**
	1.57	0.66	3.89	6.20	3.55	7.40	21	7.8	31.3	88.2	169.8	141.1	84.2	60.3
Womenswear, Coats, Suits and Dresses (36)	3.37	3.79	21.68	32.76	5.83	7.04	27	5.6	8.2	17.3	46.9	71.0	27.2	10.7
	2.53	**1.30**	**5.68**	**6.92**	**4.87**	**3.87**	**36**	**3.8**	**16.3**	**34.4**	**74.0**	**85.6**	**48.9**	**20.7**
	1.91	0.18	0.90	1.19	3.09	2.75	50	3.2	24.6	61.2	115.9	114.1	76.4	35.6

*Loss

Here is a completely new labor cost data computer



it's the new Calculagraph 500 Series

FITS ANY SYSTEM . . .

Now the completely new Calculagraph 500 Series labor cost data computer brings automation to the largest single cost factor of most businesses — labor time.

As a system in itself or as an integral component of any cost control system, the Calculagraph corrects the weakest link inherent in most systems by automatically computing and printing actual hours worked. This will assure 100% accuracy by eliminating the human frailties in manual computation and, in most cases, eliminate most of the clerical labor costs.

As a result, in a unit card system, the Calculagraph 500 Series can save time, clerical costs, and attain greater accuracy in your input data. It can be installed without disrupting your present factory-to-office data collection procedure. We can show you how if you will send samples of your present job cards for analysis.

INDUSTRIAL DIVISION

CALCULAGRAPH *Company*

282 RIDGEDALE AVE

Hanover, New Jersey

Purchasing people are human too—and the gift that seems trifling to top management may spell temptation for the man on a lower echelon. Should your company forbid all gifts from all suppliers? It's a question you ought to be pondering.

Business Gifts: Who Pays the Bill?

AN INSIDIOUS form of bribery that has long permeated American business, is today being recognized for what it is. Some companies, awake to its dangers, have put a stop to it with one simple fiat to employees: Accept no gifts from suppliers. Their purchasing agents, and others empowered to make buying decisions, are no longer faced with temptation. As a result, management can be reasonably sure that company purchasing dollars are being spent to best advantage, and not in reciprocation for a television set, hat certificate, or Yuletide turkey.

Of course, legitimate advertising gimmicks—calendars, desk sets, and the like hardly fall into the category of "temptation." Even the Christmas bottle of cheer, if intended and accepted as a mere thank-you for business received, can scarcely be denounced. But as your salesmen can tell you, things often go deeper than that.

A certain purchasing agent, for instance, appointed to his post in January, was greedy—and stupid—enough to start immediately asking salesmen what their companies gave at Christmas. Did he do his buying on a strict what's-best-for-the-company basis? The question answers itself.

Then there was the department store buyer who considered payoffs part of his everyday take-home, and whose story, if unusual, at least illustrates the extremes that can develop. Apparently deciding that the world owed him all he could get, he rounded up a few other buyers and began a fake markdown operation that soon filled all their homes with practically free merchandise. His sales clerks saw what was going on and started their own ring, knowing that he was in no position to stop them. Naturally, everything came to light eventually, and prosecutions followed—but not before thousands of dollars in goods were irretrievably lost.

Possibly this man would have stolen from his employers in any case. It's also possible that he'd have had a different attitude about free goods had he been forbidden to shake down his vendors.

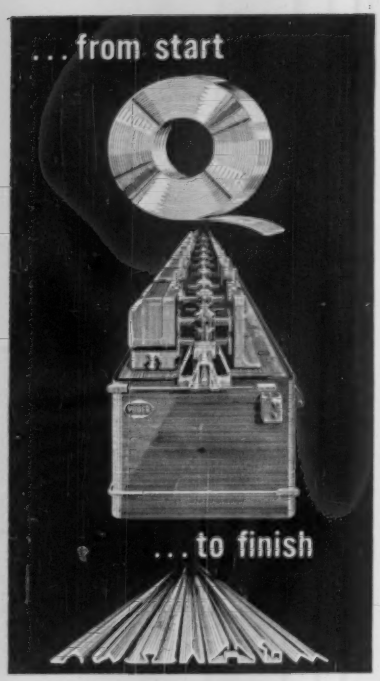
One supplier's representative took a customer's purchasing agent to his factory city for a few days. The trip, made to straighten out some specification problems, accomplished its aim. The supplier, of course, paid all expenses, including entertainment, and he was shocked when the purchasing agent, a few days later, asked him what the flight had cost. Another what's-in-it-for-me operator, the purchasing agent was turning in expenses for the trip to his own company. There was nothing the outraged salesman could say or do, even though it made him appear to represent a

The Case of the Transformed Turkey

One finishing materials representative has a little Christmas story that he's still shaking his head over. It seems that each year it's his custom to send turkeys to half a dozen people in a certain manufacturing concern that gives him important volume. He tells them about their present in advance, so they won't duplicate.

Last year, one of the production men on his gift list called him with urgent instructions. He'd talked it over with his wife, he said, and they wondered, since there is so much waste on a turkey, if he could make it a ham instead? The representative agreed, but soon was bugged again by the same man. This time a roast of beef was prescribed—another supplier had promised to come through with a ham.

The whole episode would have been funny, in a way, except for one thing. When you picture that man at his desk in those weeks before Christmas, working away on procurement and logistic data for his holiday dinners, you do have to wonder how high a priority he assigned his production duties during that period.



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EQUIPMENT

Profits are available to you through the production of many shapes in metal... made with precision and economy on Yoder Cold Roll Forming Equipment.

Produce tubular, ornamental or structural shapes from a variety of metals in widths from a fraction of an inch up to 80 inches or more, and in stock up to ¾" thick. Your investment is comparatively modest, and with proven low operating costs, will give you one of the most profitable operations in your plant.

Experienced Yoder engineers will, without obligation, study your annual metal forming requirements. Many times they can point out that the installation of roll forming equipment would—even if operated only intermittently—soon justify its initial cost.

Send today for this comprehensive, 88-page illustrated text. It fully describes Cold Roll Forming Equipment, processes and products.

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ENGINEERING YODER MANUFACTURING
COLD ROLL FORMING MACHINES

cheapskate outfit. But the real victim was the customer company. By silently condoning the "gimme" tactics of its personnel, it finally found itself, unknowingly, on the dispensing end of the deal.

Such cases are hardly numerous enough to indicate a trend. They serve to show, however, that the practice of accepting gifts has inherent evils that can hurt the company which permits it—an angle that is too often overlooked.

Just how many companies have outlawed the practice no one can say. Surveys would indicate—it's a rough estimate at best—that anywhere between 30 and 45 per cent have some sort of policy on gifts.

Among these concerns, the most popular dictum is the old, flexible rule-of-thumb: "If you can eat, drink, or smoke it in one day, take it; otherwise, don't." Much less common is the attitude expressed by one company, the giant in its field, in a leaflet given to visiting salesmen. The leaflet says, in part, "No gratuities or favors may be accepted. This applies to all our people."

As might be expected, the intent of the ban is to benefit vendors—"to assure," as one manufacturer puts it, "that each supplier will receive fair and equitable treatment." But the company that prohibits gifts gets fair and equitable treatment itself, as well.

Making it stick

A medium-to-large Midwest department store took a good look at all aspects of the problem several years ago. The result, after careful thought, was an ultimatum to personnel: Accept nothing, and woe to the buyer who thinks we're kidding! Anything coming in is returned immediately, along with an appreciative, explanatory note. Nowadays there's little to return except occasional, would-be contributions from new suppliers, who aren't told in advance of the store's feelings. Management considers that would be presumptuous.

Significantly, this is not a "prestige" store. Its tough no-gifts policy is simply a matter of self-preservation. Says the personnel director: "The biggest thing in our operation is buying right, and we can't afford to be influenced by anything except the sharpness of the salesman's pencil. Maybe a bottle of scotch wouldn't carry much weight with our buyers, but we don't take the chance. After all, it's our money they're spending."

Dogmatic? Perhaps—but realistic, too. And in the long run, it makes more sense than some official policies on the subject—specifically, the policy that recognizes no harm in gifts of nominal value.

This middle-of-the-road judgment has considerably more adherents than either of the extremes among the typical top executives interviewed for this article. Again and again, certain phrases cropped up: "Our employees do not accept gifts of value." "Small presents are hardly objectionable." "We discourage acceptance of anything substantial."

What this seemingly sensible policy does not take into account is one simple but vital fact: "Nominal value" means different things to different people.

A matter of perspective

One executive had that in mind when he instituted a no-gifts policy in his own organization, and his reasoning makes sense. He points out that anyone is likely to see things in terms he himself understands. The president who reasons, "What harm can a bottle of liquor do? I can buy three or four of them for the cost of eighteen holes at the club," decides policy on the basis of how a gift would affect *him*.

But to a $6,000-a-year purchasing clerk, with car payments, a mortgage, and three kids, a bottle of liquor is a carefully budgeted item. He may enjoy seeing his desk cluttered with those carefully budgeted items, and he may develop a warm feeling toward the salesmen who bring them and a cooler one toward those who don't.

If he does, it may be hard to keep those feelings out of his buying. It may be hard, in other words, for him unfailingly to get his company the best value for dollars spent.

Significantly, many of the companies that turn thumbs down on gift acceptance were prodded by their own purchasing departments, where the danger was recognized. Buying people are as ethical as anyone else. The problem can perhaps be resolved by asking: Is it fair to allow temptation to come their way?

When a man is swayed and succumbs, he's only one of two victims of the system. The second is the company that signs his paychecks.

—WALTER G. YOUNG

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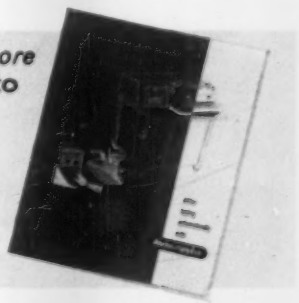
This new booklet illustrates how you can handle correspondence automatically and the many other essential jobs you can do faster and at lower cost with Auto-typist. It's important reading for every businessman.



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ALL-THE-WAY NEW

FORD Econoline TRUCKS

ALL-THE-WAY NEW TO SAVE IN 4 BIG WAYS!

New Van Turn an Econoline Van loose on your route and watch delivery costs plummet! Cargo space is up to 57 cubic feet bigger than conventional ½-ton panels! Big double doors at both rear and curb side give real load accessibility! Floor is level, too—no rear engine hump! And there's three feet less length to turn, park, or garage!

New Station Bus Nothing matches this beauty for comfort, room, and low costs! There's room to spare for eight with picture-window visibility! Converts to load hauling in just a few minutes. And what loadspace—twice that of the "biggest" station wagons! Best yet, it's priced below even compact station wagons!*

New Pickup Meet a revolutionary new pickup that saves more ways than any truck you've known! Modern cab-forward design pares away over a thousand pounds of dead weight, yet you get as much payload capacity as many standard ½-tonners! It's three feet shorter over-all, yet there's a big 7-ft. box with 73 cubic feet of loadspace! You get lively performance in a proven Falcon Six that can give up to 40% better gas mileage . . . saves up to $215 a year! And, the best news, it's priced below many standard ½-tonners!* See it at your Ford Dealer's!

*Based on a comparison of latest available manufacturers' suggested retail delivered prices.

1. **Low price!** Save from the start with Ford's traditionally low prices!
2. **Up to 30 mpg!** In certified tests, the Econoline Pickup delivered 30 mpg . . . you can save as much as 40% on gas!
3. **Less dead weight!** 1050 pounds less chassis weight, yet carries over ¾-ton payloads!
4. **Bigger loadspace!** 7-ft. box—up to 23% more room, but 3 feet less truck length to handle!

FORD TRUCKS COST LESS

YOUR DEALER'S "CERTIFIED ECONOMY BOOK" PROVES IT FOR SURE!

FORD DIVISION, Ford Motor Company

THE ACROPOLIS OF ANCIENT ATHENS, GREECE—A FITTING SYMBOL FOR RARE OLD CHARTER IN ITS GRECIAN DECANTER.

Give the present enriched by the past—a full fifth of rare seven-year-old Kentucky Straight Bourbon in the classically beautiful Grecian Decanter. Festively pre-wrapped (all at no extra cost) in royal red, ermine white and glittering gold—Old Charter greets the season grandly!

OLD CHARTER

KENTUCKY'S FINEST BOURBON

The Bourbon that didn't watch the clock for Seven long years!

KENTUCKY STRAIGHT BOURBON WHISKEY—86 PROOF—7 YEARS OLD—OLD CHARTER DIST. CO., LOUISVILLE, KY.

■ *Generous juries and new legal precedents are broadening the manufacturer's liability.*

■ *Your company may be a sitting duck for damage suits. Better check and see.*

Are Your Products Booby-Trapped?

• A child is severely burned when his Santa Claus costume is ignited by sparks from an "absolutely harmless" toy gun.

• An underarm deodorant used by millions causes one woman a serious allergic skin reaction.

• After years of working with a fluoroscope, a doctor-radiologist contracts cancer of the hand, and eventually loses his entire arm.

• Polio strikes a number of people who have been inoculated with a vaccine produced under strict Federal inspection and manufacturing standards.

Aside from the agony the victims suffer, incidents like these cost manufacturers an incalculable loss from the resulting publicity and thousands of dollars in damage awards.

Every manufacturer, and especially those who turn out consumer goods, is today becoming increasingly vulnerable to product liability suits. The number of claims for damages is rising. At the same time, the manufacturer's ability to fight them is being whittled away by the courts—and the awards seem to be getting bigger with each succeeding case.

Up to about six years ago, a leading producer of major appliances used to refer some 400 claims a year to its insurance company for disposition. Today the figure is between 800 and 900 claims. On the basis of its claims experience, this same company paid out about $320,000 in liability insurance premiums in 1956. By 1958, premium payments had jumped to $539,000, and by far the bulk of its claims involved product liability.

The upward trend is nationwide. National Bureau of Casualty Underwriters figures reveal that in a recent five-year period, the cost of bodily injury claims against manufacturers jumped more than 22 per cent. Property damage claims went up some 15 per cent.

One seasoned insurance company executive observes: "Back in 1945, we used to think $100,000 an extremely large award. Today $250,000 doesn't surprise us, and even $500,000 awards aren't uncommon."

Why the increase in the number of claims and the size of awards? For one thing, the public has become aware of its ability to sue. Newspapers, as well as lawyers who specialize in liability work, have been instrumental in furthering this process of

What Should You Do When You Get a Claim?

Handling a claim is a critical, ticklish business. If you do it properly, you can reduce costs and assure good public relations.

Here, according to its legal chief, is the way one company approaches the problem:

"Whenever we get a claim, we write back within 24 hours, following a form that has been screened by lawyers. Then we have our insurance company send a man right out, and we insist on a report within five days.

"If we're clearly in the wrong, we believe in settling quickly for the smallest equitable sum. But if it's one of those gray areas, we find that a firm, business-like letter, or a firm approach by the insurance investigator, will very often head off the claim—especially if a lawyer hasn't entered the picture.

"When this doesn't work, we take all the factors into account: experience with the local judges and juries, the cost of pressing an appeal if we lose, the danger of having a bad legal precedent set. Then we decide whether to fight the claim—or how much we're willing to settle for.

"But if the claim is flagrantly false, we won't give in an inch. It's poor business to become known as an easy mark for every operator who can get your range."

CAUTION

. . . is the byword of the wise manufacturer. The number of claims you receive can swell disastrously unless you . . .

- **Pre-test each new product exhaustively—and look for every possible hazard.**
- **Be sure quality control procedures are airtight.**
- **Make it your business to keep up with the latest technical developments in your industry.**
- **See that your label warns of every possible danger. Follow all the applicable laws. With chemical or food products, list ingredients and caution those who may be allergic to any one of them.**
- **In labeling and instructions, never assume that the user knows the potential hazards.**
- **Have legal counsel check all advertising material. Make sure no excessive claims are made—particularly of safety. Guard against misleading illustrations.**

public education and enlightenment.

These lawyers have been banded together in an organization called the National Association of Claimants' Compensation Attorneys. The group maintains a central Product Liability Exchange to supply its members with technical information and citations of legal precedents.

The growing public awareness of legal remedies has been fed by the liberality of juries. They are much more sympathetic to relatively poor, injured consumers than to big, presumably well-insured corporations. At the same time, judges who believe in protecting the individual from the sometimes harsh impact of impersonal forces have steadily broadened the legal concepts of liability.

Time was when a manufacturer was liable only for damages to a wholesaler or dealer who had bought the product directly from him. An injured consumer had to look to the retailer for redress. Nowadays, the consumer who proves negligence in production or distribution can recover directly from the manufacturer.

Negligence isn't the easiest thing to prove, but it's getting less difficult all the time. If the product comes under some special law, such as the Federal Pure Foods and Drug Act or a statute requiring special labeling, the manufacturer will find himself hard pressed in court if he failed to comply with the legal requirements.

Failure to keep up with industry standards of precaution is asking for trouble. In some states, a jury may find even industry standards inadequate, as one brewer discovered when sued by a man who was severely cut when a beer bottle shattered.

The brewer pointed out that, like all other brewers, he always inspected his bottles for flaws under a blue light. He lost his case when an expert testified that a polariscope would have uncovered the defect.

Negligence also involves failure to warn the public of known dangers. For example, an automobile manufacturer discovered a defect in the power brakes of its 1953 line. Its dealers were told to fix the brakes on any cars brought in for maintenance, keep quiet about the job, and bill the factory. When an owner got into a serious accident because his brakes failed before his car was due for a check-up, the court threw the book at the manufacturer.

Sometimes the failure-to-warn doctrine is carried to great extremes. Take the case of the doctor who developed cancer from X-ray exposure. His fluoroscope had been made in 1932, when radiation dangers weren't fully understood. But despite this—and the fact that the doctor was an expert radiologist who should have known enough not to expose himself—the manufacturer was found negligent for not having put a warning legend on the machine.

Careless advertising is an invitation to negligence action. This was the case with the "harmless" toy gun that set fire to the child's costume. "Blowout-proof" tires that proved otherwise have also invited a number of suits.

In most of these cases, the unbiased observer would hold that the manufacturer's disclaimer of responsibility was at least open to question. What really has corporation lawyers shaking their heads is the growing doctrine of liability without fault.

This stinger involves suits for breach of warranty. Until recently, a consumer could bring suit under breach of warranty only against the actual seller of the product. But many jurisdictions now allow him to go after the manufacturer—even for breach of *implied* warranty.

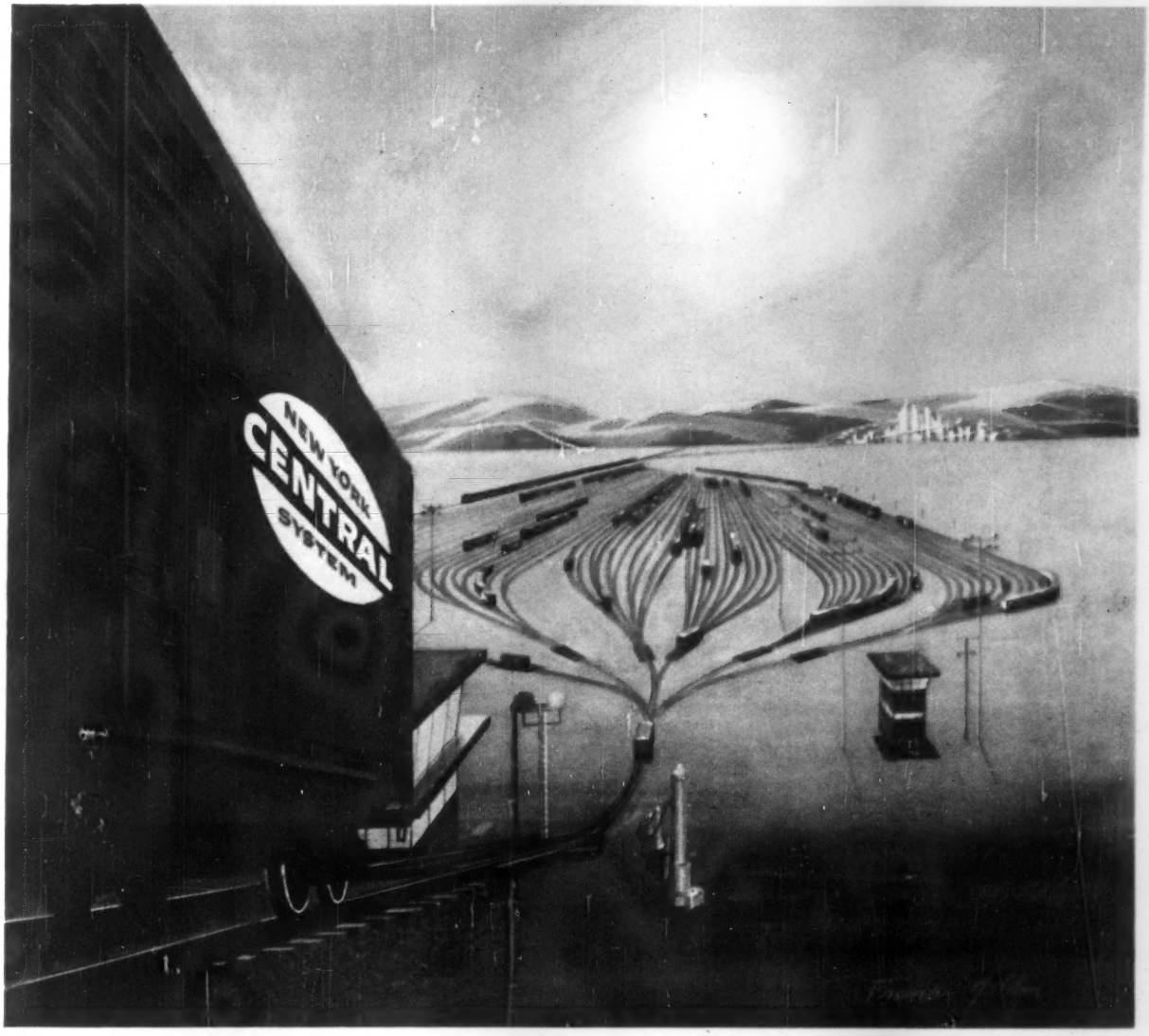
The polio vaccine case, for example, was based on the allegation that the vaccine's very nature implied a warranty of its fitness for use as a preventive. Judge and jury agreed that the manufacturer had done nothing wrong in production. They could find no fault with the company's inspection procedures. Nevertheless, the jury awarded damages because the vaccine was obviously the cause of the plaintiff's polio.

Many authorities fear that widespread application of this doctrine of liability without fault will pose a serious threat to new product development. Certainly it will make a manufacturer think twice before rushing to market with a new item.

What can a manufacturer do to protect himself?

- He can guard against injury to his customers—and opportunities for claims.
- He can minimize the financial costs and loss of good will when he does receive claims.

Preventing damages should be the first consideration. Experienced manufacturers are extra careful in launch-



Announcing | **New York Central's "Big Four Yard" electronic gateway to growing America**

The Central has just opened the most modern freight yard in the world. The Big Four Yard, near Indianapolis, is an all-electronic wonder that classifies and forwards freight faster than ever before.

The Big Four Yard is a strategically located gateway speeding freight in all directions, shrinking the distance between the Central's home territory and the great new growth areas of the South and West.

America's shippers recognize the name "Big Four" as a well-known and respected railroad, now part of the Central system. The Big Four has always been associated with top-notch service and dependability.

The new Big Four Yard, gateway to a growing America, is the fourth electronic yard opened by the Central in five years. Each one does the work of several older-type yards. Each is a milestone along the New York Central, Road to the Future.

NEW YORK CENTRAL SYSTEM

ROAD TO THE FUTURE

WANT PROOF?

...that a triple-A* work force is waiting for you in WESTern PENNsylvania

*Available — Adaptable — Attitude

WESTern PENNsylvania

Write to:
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An operating unit of the WEST PENN ELECTRIC SYSTEM

WEST PENN POWER, Area Development Department DR-24
Greensburg, Pa., Phone: TEmple 7-3000

Yes, I'd like proof that my work force requirements can be fulfilled in WESTern PENNsylvania!

Name _____ Title _____

Company _____

Address _____ Telephone _____

City _____ Zone _____ State _____

ing new products. Their research and development people are told to check out every conceivable hazard.

One manufacturer of household products has almost made a fetish of this, and his caution has had a wholesome effect on his claims record. In testing a proposed new stove cleaner, his laboratory staff remembered that many women line their broiler trays with aluminum foil. A check revealed that in contact with aluminum the new cleaner produced traces of a poisonous gas. Relates the manager of the company's legal department: "The quantity was so small that it could only harm a very old lady who stuck her entire head inside the oven. But, just the same, we put a warning on the label against using the cleaner with aluminum."

Close liaison between the engineering and insurance departments can prevent the recurrence of claims. One automatic washer company had to pay damages several times for broken arms suffered by children who reached into the whirling clothes. Washers produced by this company now shut off automatically when the door is opened.

Clear words of warning

Effective quality control is always essential, but care in labeling and in preparing instructions and advertising are also important. If the product contains potentially harmful ingredients, or if using it entails other possible dangers, clear labeling can save both consumer and producer a lot of grief.

The insurance executive of a photo equipment maker notes: "Five years ago we started putting warnings on our flashbulb cartons that flash shields should be used with the bulbs. Since then, we haven't had a single claim for eye injuries caused by exploding bulbs."

The labeling must be complete—and it should spell out the consequences of improper use. A case in point involves the man who painted his kitchen ceiling with a paint containing lime. The label on the can merely warned against contact with the skin. The man's little girl, watching her father as he worked, got a fleck of the paint in her eye and was blinded. The court later held that the manufacturer should have warned specifically against this particular hazard.

Many companies take their duty to

warn extremely seriously. The manufacturer involved in the fluoroscope case now puts warning labels on every potentially dangerous product, no matter how obvious the hazard. A producer of drug proprietaries goes so far as to label children's remedies with warnings to keep the bottles out of reach of children. "Some of our competitors think we're crazy," an executive of this company acknowledges. "But parents must realize the dangers of a child's swallowing a bottleful of baby aspirin."

Even though inadequate labeling is one of the most serious danger areas, it is here that many companies are loath to take preventive measures. They fear a sales drop if warnings are made too prominent. Yet those who make it a practice to post warnings on their products find this policy hasn't hurt sales a bit.

This is especially true when rival manufacturers cooperate in labeling similar products with the same type of warning. Says one company insurance man: "This is one type of collusion we'll never be cited for."

To avoid the possibility of disseminating dangerous misinformation, advertising material should be carefully scrutinized. "If you make an aerosol product," cautions one legal expert, "be very sure your TV commercial doesn't show somebody putting a can of the stuff down on a hot stove—not unless you want to have a coast-to-coast chain of explosions!"

Getting out from under

Disclaimers may be of some value in offsetting suits for breach of implied warranty. But they won't be binding if they are found unreasonable or unscrupulous, and they won't protect the manufacturer who fails to warn of known hazards. In addition, a too-liberal resort to disclaimers can hurt sales.

Insurance is, of course, an important safeguard. But because of the high cost of true liability insurance, most companies prefer a policy that protects them only against catastrophic losses.

Some manufacturers have their own service people handle smaller claims. Others insist on giving all claims to their insurance carriers, who may be better qualified to evaluate them. Since a uniform policy is advisable, it is generally considered wise to vest all responsibility for claims management in one executive.

—ART ZUCKERMAN

GO-GETTER CUTS COSTS IN HALF; MAKES JOB SAFER

A leading chemical plant faced with the double explosion hazard of ethylbenzene fumes and aluminum chloride dust, solved its material handling problems – and saved money in the process – through the use of Revolvator's new fork lift trucks labeled Type Ex by Underwriters' Laboratories for Class 1 Group D explosion hazardous areas.

Previously, two men with a hand truck were required for this operation. Since the introduction of the Explosion Proof Go-Getter, one operator easily charges the hoppers in a safe manner with a minimum effort. "What used to be a dangerous, disagreeable job has now become a simple task," says the plant manager.

The explosion proof Go-Getter, available in 12 standard models, is but the latest development in Revolvator's better than a half century of experience in materials handling equipment covering standard walkie lift trucks, hand lift trucks, portable elevators and related equipment.

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8702 TONNELE AVENUE, NORTH BERGEN, N. J.
SINCE 1904

IS THE CAPITAL YOU NEED TIED UP IN YOUR TRUCKS?

NO INVESTMENT...NO UPKEEP

LEASE HERTZ

There's a fast, practical way to "find" the capital you need for expansion, equipment, inventory—and, at the same time put your truck operation on a new, high level of efficiency. Switch to Hertz Truck Lease Service—and put your money to more productive use!

Hertz will give you cash for your present trucks. You get new GMC, Chevrolet or other sturdy trucks of your choice—all bearing your company identification—all custom-engineered to your specifications. Or your present trucks can be reconditioned and leased back to you. Either way, you're out of the truck and repair business. And you're back in your business *full-time* with new found capital that's ready to work.

Just one budgetable check per week includes these Hertz services: complete truck maintenance, washing, garaging, licensing, insurance, and emergency road service. Hertz will also provide needed replacement trucks for emergencies—and extra trucks for peak periods.

Hertz gives you more—much more! You benefit from the experience of the oldest, most respected name in truck leasing. You benefit too, from the convenience and efficiency of the fully-staffed and fully-equipped Hertz local truck stations throughout the U. S. and Canada. Call your local Hertz Truck Lease office for details. Or write for booklet—"How To Get Out Of The Truck Business"—to: HERTZ TRUCK LEASE, 660 Madison Avenue, New York 21, N.Y. Dept. B-11

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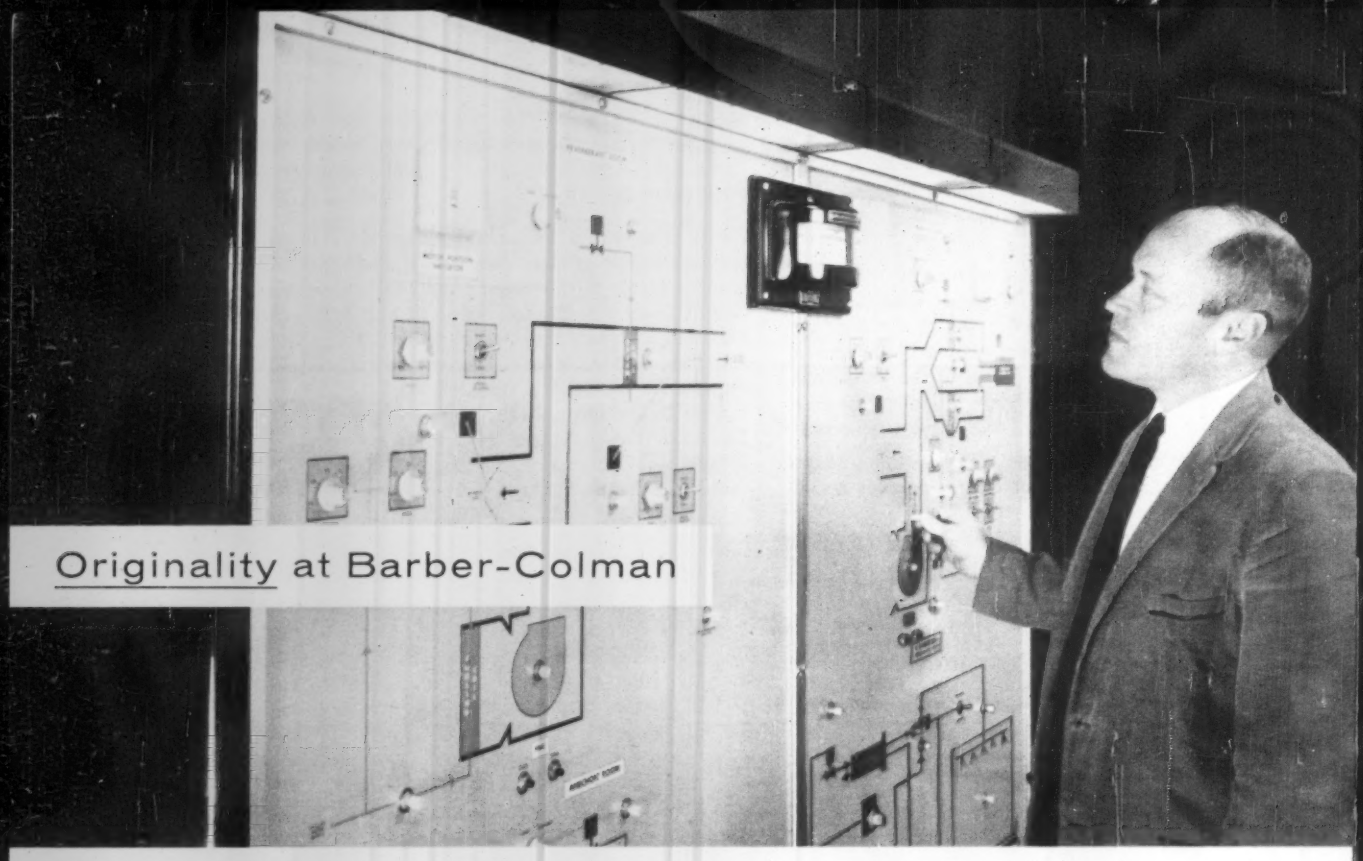

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Control centers from which air conditioning and other mechanical services may be remotely operated are a real boon to building owners. A single responsible individual supervises the "environment" for occupants of the building. Complaints are minimized. Endless running from point to point to check and correct temperatures is eliminated—maintenance personnel are freed to do the work for which they are employed. By providing the means for constant monitoring, centralized remote control saves fuel and power—and because it reports faulty functioning of any unit, repairs can be made before costly damage occurs.

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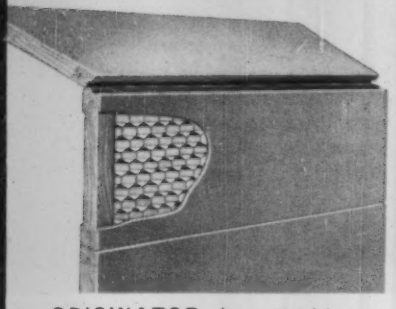
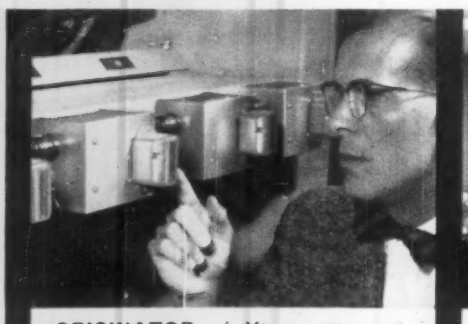
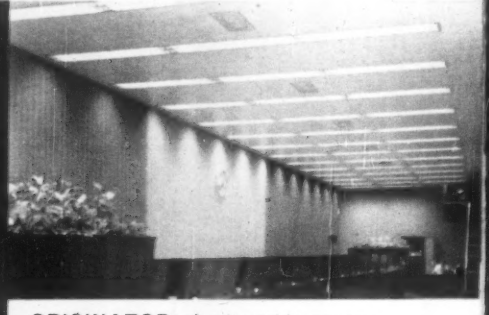
—another example of how Barber-Colman originality benefits the businesses it serves.



ORIGINATOR of practical honeycomb core sections for overhead-type doors. Outstanding for appearance, strength, insulation, and durability.



ORIGINATOR of Micropositioner ®, polarized relay that eliminates or simplifies electronic amplifiers for aircraft, railway, communication, industrial systems.



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Barber-Colman Company, 1300 Rock Street, Rockford, Illinois

BARBER COLMAN

Voice of Industry

A Lesson from the Marines
If you can't fight 'em . . .
What kind of foremen?
Profits can't come first

EDWARD L. O'NEILL, *Vice-President and General Sales Manager, The Emerson Electric Manufacturing Company.*

Lines of Understanding

A well-known business man is credited with the statement, "When someone talks about echelons and subordinates in his organization, I know here is a guy who wants to be able to duck responsibility."

The Marine Corps is admired throughout the world for the rapidity with which instructions from field grade officers are executed by troops and the speed with which field grade officers are able to react to field problems. This is because field officers and troops work together so closely that a sense of urgency passes quickly up and down the ranks. Remarkable things get done very quickly and very well.

Lines of understanding, not lines of authority, should tie together the organization of a field sales force as well. When each sales executive carries an extra burden of direct sales responsibility for individual new accounts, management comes face to face with field problems with respect to policy, advertising, pricing, and service of equipment. At the same time, field salesmen are quickly reminded of the importance of the original sales plan, which can lose its original purpose and urgency unless its effectiveness is constantly demonstrated.

From a speech delivered at the 8th Annual Marketing Conference of the National Industrial Conference Board.

H. A. TOULMIN, JR., *Board Chairman, The Commonwealth Engineering Company of Ohio.*

What Europe Offers

Europe today is a reservoir of inventions demanding to be licensed in the U.S. The Europeans have been careful in selecting what developments to patent here, although they are being directed to short-range purposes in an effort to secure a quick profit.

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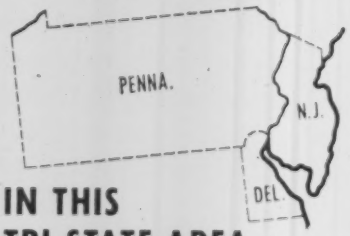
YOU, TOO, CAN DISCOVER VALUABLE LAND

...FOR INDUSTRIAL EXPANSION



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INDUSTRIAL DEVELOPMENT DEPARTMENT

Long-range planning for the American market is largely lacking.

It is true that the profitable use of research and patents is greater in Europe than it is here. The quality of European products is high, too. Research is more highly respected and is, per se, of greater value in the fundamentals. We have a tendency to be too busy to be thorough. European research is superbly thorough, and technically imaginative.

What are we going to do about this European competition? Well, if you can't fight them, you can join them by taking licenses. Visit their plants, observe their methods, adopt their procedures. Open up Europe to our mass production concept, and marry it to the European genius of creative research.

From an address at the National Inventions and New Products Conference of the Cleveland Engineering Society.

ARTHUR H. MOTLEY, *President of the U.S. Chamber of Commerce and publisher of Parade magazine.*

The Vital Link

The most important communication system in any industry in any plant is the foreman. If he is well-trained, well-selected, and well-informed, he can forestall a lot of the demands that foul up the collective bargaining process. It took us three tries before we found a plant manager who understood that he needed not only top-flight technicians, but a staff of experienced well-trained supervisors and foremen who knew how to manage men. Then we began to pay these managers, these "communicators," commensurately more than our journeymen, who, with overtime, were taking home almost equal pay.

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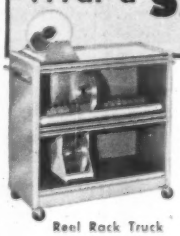

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Refrigerator assembly line.

How a Townsend Man In Your Plant Can Help Improve Your Competitive Position

Visualize the blue figure above as a Townsend man in your plant helping to improve your competitive position by applying the Townsend Method to your assembly lines.

Many a cost reducing idea has evolved from his study of assembly methods and introduction of the latest in special fasteners, parts and tooling. The Townsend man may even have a special part designed for you to eliminate two or three operations.

The result—an improved product—faster assembly—a bigger edge on your competition.

The Townsend Method can be adapted to any plant—large or small. This service can consist of an extensive study of all your assembly methods—it can be confined to one product—to one difficult operation.

In any event you will know in advance what your savings will amount to once the Townsend Method has been used in your plant. To get started on this phase of your cost reduction program write to F. R. Dickenson, President, Townsend Company, Beaver Falls, Pa. There is no obligation.

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★ Investigate the present methods, special fasteners and small parts used in assembly of your products.

★ Evaluate your design in relation to assembly, unit costs and appearance.

★ Eliminate wasteful, time consuming, costly methods as well as expensive fasteners and parts.

★ Coordinate the design function with project engineering to assure most economical tooling and assembly.

★ Estimate possible savings which can be translated into increased profits for you.

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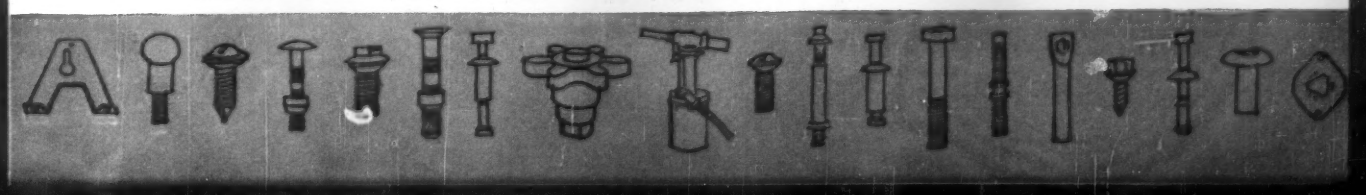

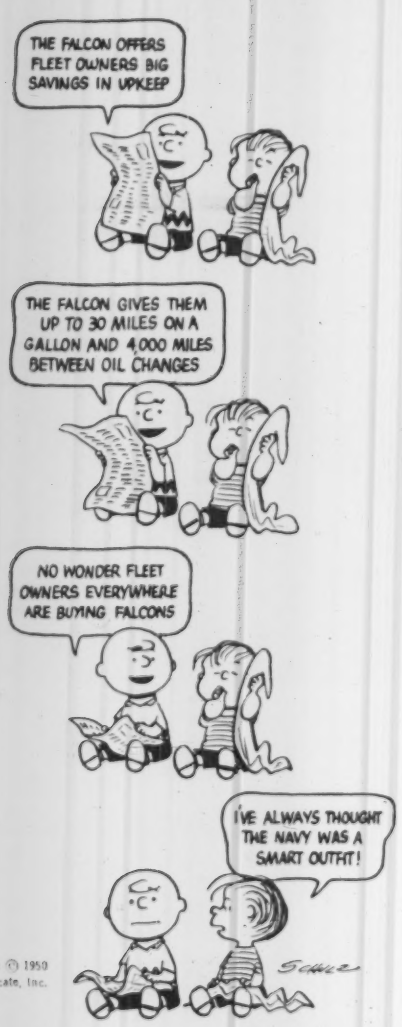
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We wanted foremen who trust management. That kind you don't get except by selecting them for leadership qualities. And you don't get that unless you have some people on top paying attention to this particular problem day after day after day.

From a speech to the American Newspaper Publishers Association's Labor Conference.

MAX BANZHAF, *Director of Advertising, Promotion and Public Relations, Armstrong Cork Company.*

Markets Before Profits

The first objective of any business man must be serving the needs of his market. His second objective, earning a profit, depends on how well he satisfies the first. If he reverses their order and puts profits ahead, he eventually loses his market and his profits too. A most interesting study by the American Telephone and Telegraph Company demonstrates this. Analyzing profitable and unprofitable companies, it found the main distinguishing characteristic between them was the order of their objectives. Those which placed first emphasis on satisfying the needs of a market sold more and thus made more money. The unsuccessful, by placing profits ahead of market needs, eventually failed to satisfy their markets, were forced to cut their prices, and hence lost the very profits they sought.

The poor get poorer and the rich get richer—but in this case the connotation of sympathy for the poor needs overhauling, because this is just the way it should be.

From a speech to the 34th Annual Convention of the National Industrial Stores Association.

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Silver Dollar Paperweight

(A genuine U.S. silver dollar encased in heavy, jewel-clear Lucite. No advertising or printing.)

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See the remarkable new Marchant Deci-Magic, with fully automatic decimal setting and straight-line dial proof of all entries and answers. Can save you time, mistakes and money on all the figuring you do — or wish you *could* do on the machine you now have.

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For plenty of room to spread your wings . . .

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Eastman Kodak Company owns this aircraft hangar in Rochester, N. Y. Kodak saved money when construction began, because factory-built steel hangars cost less to erect. It's easy and less expensive to build an addition, too; with complete salvageability of materials, all you have to do is unbolt a section and bolt on your addition. Fire insurance rates may be reduced because steel doesn't burn. And for utility, you can't beat a factory-built *steel* building. For additional information on specific applications of steel buildings, please fill out and send us the coupon.

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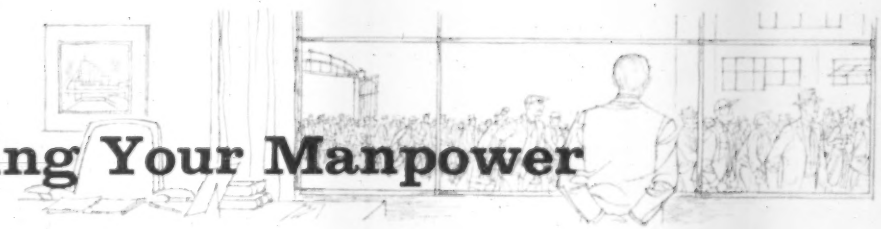


Managing Your Manpower

LAWRENCE STESSIN

- *Here's a first-hand report on the manpower management problems facing companies in the EEC*
- *As the wage gap narrows, other considerations loom bigger for U.S. managers of plants in Europe*
- *Among the problems: luxuriant fringes, "workers' councils," less hiring-and-firing flexibility*

IN Europe, they are calling it the "American Invasion." A non-military force of business men is moving in on the booming Continental market. The urge to sell to the European consumer (who now has more marks, shillings and francs in his pockets than ever before) has already hit 3,000 American companies, and the total of U.S. private investment in overseas manufacturing has rung the $9 billion gong.

Competing in the overseas market today calls for robust talent in manufacturing, marketing, finance—and in the areas of personnel management, labor relations, and executive development, where American companies face a whole new and different set of economic and culture patterns.

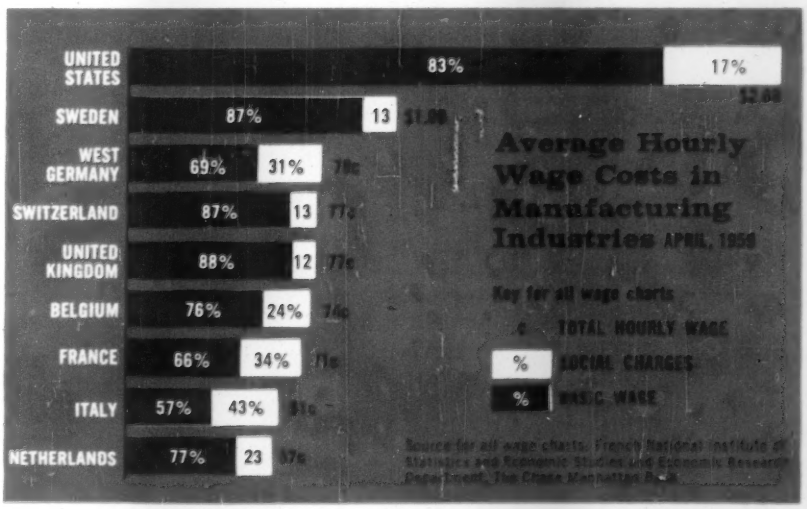
A just-completed two-and-a-half-month assignment on personnel problems of American companies overseas has convinced this reporter that there's an ocean of difference between approaches to manpower management in Europe and America. The U.S. executive who does not want to be left lagging in the competitive race is well advised to do some homework before he sets up a base abroad.

Wages. Rated by American standards, wage costs in Western Europe are low. But here the comparison ends. There are wide differentials in pay scales, both among countries and among industries (see charts below and on page 122). For example, French metal producers chalk up the lowest wage costs in the Common Market, but printing workers do better in France than elsewhere. British labor costs, lower on the average than the German, are nonetheless higher in the mechanical and electrical, leather, furniture, and textile industries.

Business men who enter the European market because of lower wage rates may be chasing a rainbow. Here's why:

- Hourly wage rates may not give the complete picture of labor costs. In the United States, for example, the worker is backed up by a hefty outlay of capital equipment which hikes his output considerably—and he doesn't resist mass production methods.
- Although European pay scales are still far below the U.S. level, the gap is narrowing. Common Market countries recorded an 8 per cent-a-year increase as against our 5 per cent.

Fringes. In all of Europe the "social charges" are a bigger part of the labor cost bill than they are here. In Italy, for example, it runs to 43 per cent, in France 34 per cent, in Germany 31 per cent compared to the American figure of 17 per cent. In most of the Common Market countries vacations are established by law,



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NATIONAL MACHINE PRODUCTS COMPANY
an SPS company
4425 Utica Road
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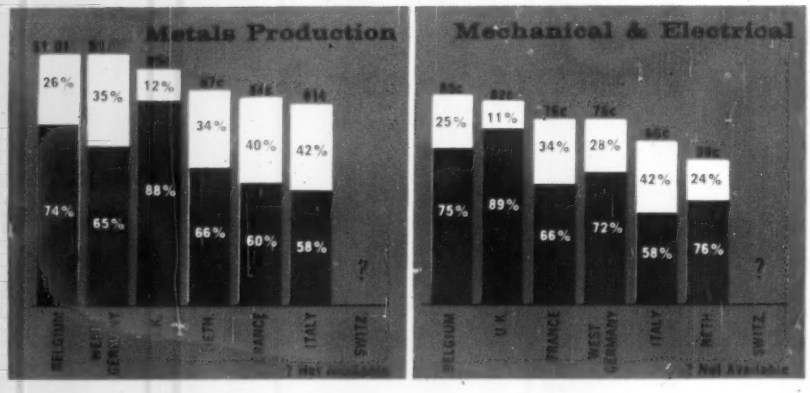
Average Hourly Wage Costs



and they are no piddling ones either. France says that a worker with one-year seniority is entitled to nineteen paid working days off, and employees in Belgium have a right to twelve days' vacation, half of it at double their regular wages.

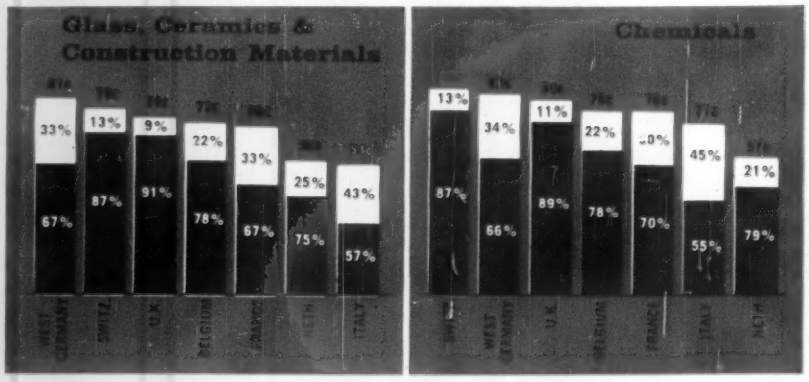
But the American executive really raises an eyebrow when he learns of some of the "off-beat" fringes which frost the pay cake. Family allowances for every child born are common in most European countries. A French worker who's planning to build a house expects to get partial financing from his employer. Germans who must commute to and from jobs get the boss to pick up the transportation tab. Maternity benefits are generous, and Christmas bonuses to hourly paid employees, though not compulsory, are part of the industrial mores.

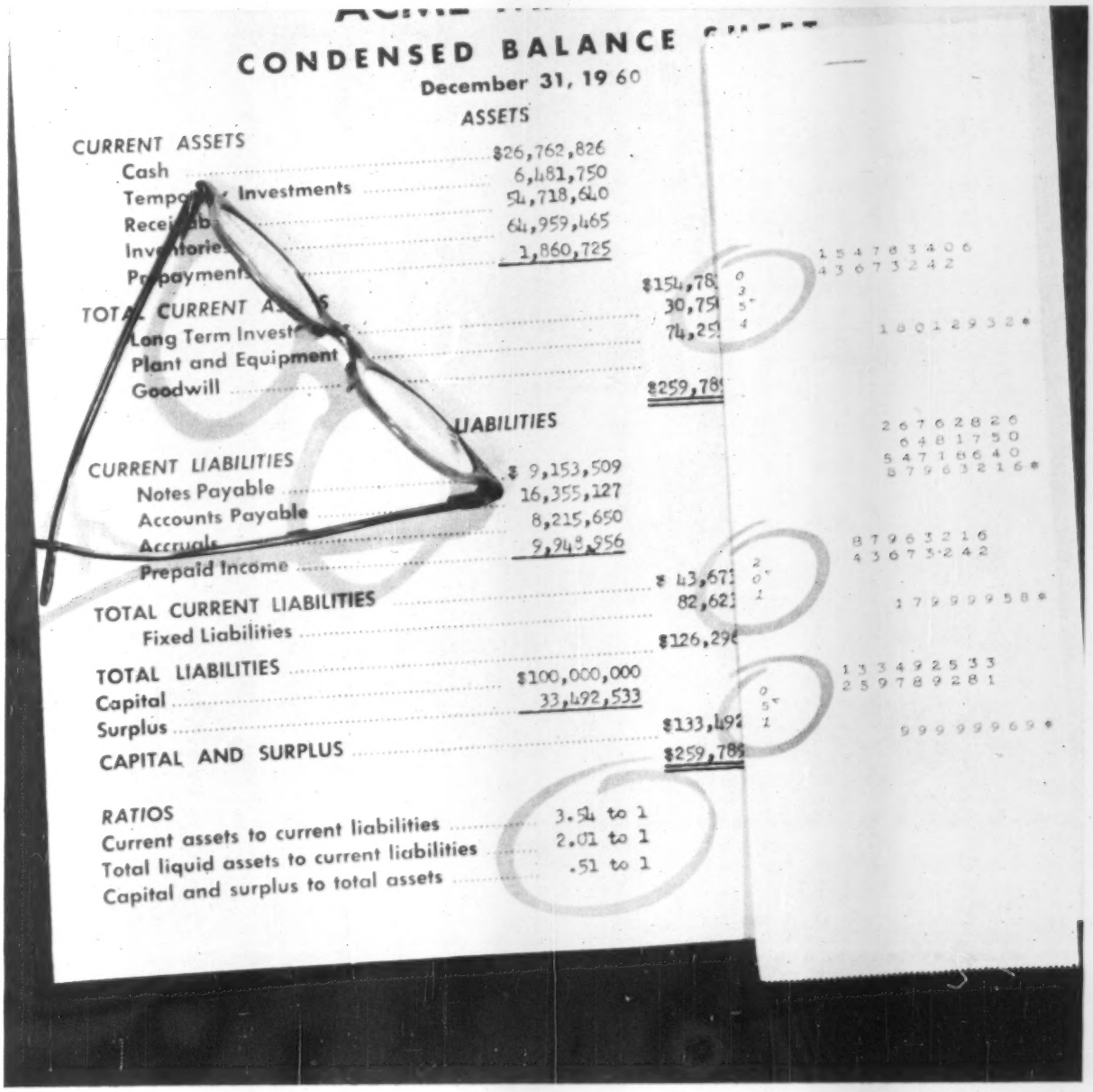
Unions. The American who sets up shop in Europe must school himself in a new brand of labor relations if he is to run a successful operation. True, union recognition is not compelled by law, and because most bargaining is done on a national or regional basis, the individual employer need not go it alone.

But union or no, every employee is entitled by law to representation, and in most of the overseas countries there are "workers' councils." In France, management must present the annual report to the workers' groups in person, before the figures are released to shareholders. What's more, it must answer questions—questions not always couched in the polite language of the board room.

Another surprise that faces the new American manager is the fact that in Italy and France, for example, the largest unions are Communist—not mere fronts or camouflaged cadres but actual arms of the Party. But aside from their bombast, they haven't sabotaged efficient production or good employee relations.

There is now a noticeable trend for employers to break away from the large industry associations which, for years, have set European patterns on bargaining and wages, determined





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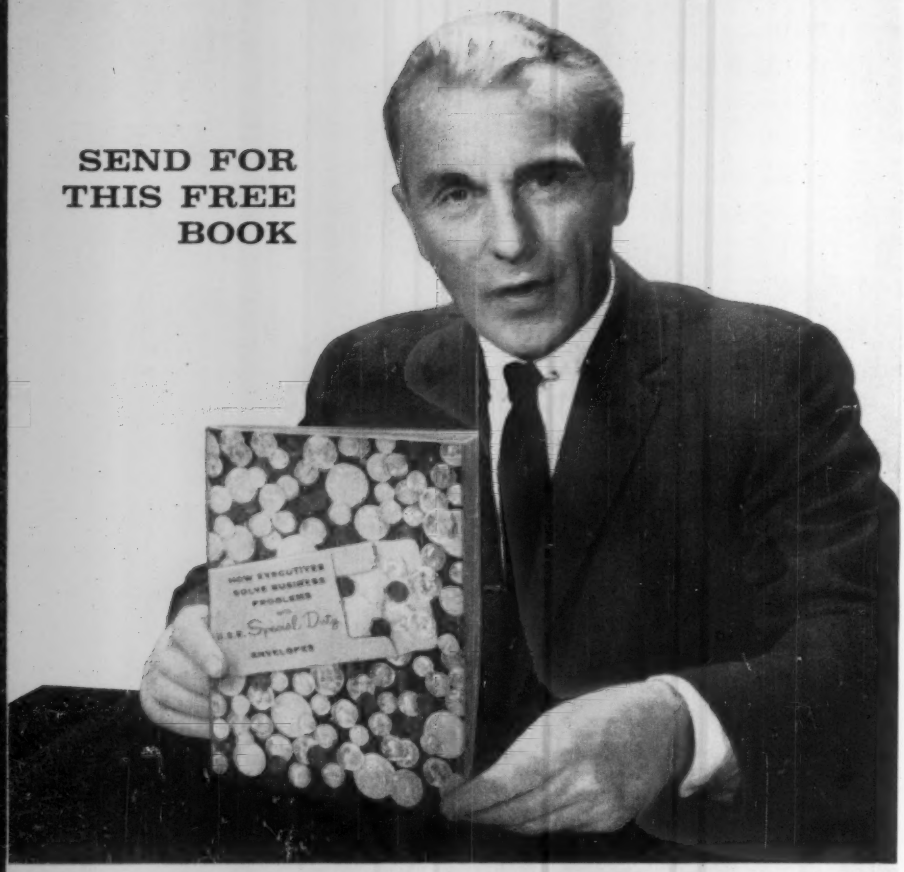

It may spark an idea that will save your company thousands of dollars!

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Do delays in the mail bother you? Special Duty envelopes speed delivery. Are collections slow? Special Duty envelopes have improved the collection systems in many, many companies. Do you have bottle-necks in office work, filing, production . . . ? Special Duty envelopes are solving such problems.

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Business benefits wherever the envelope is an executive decision

USE

EX-5

strike strategy, structured prices, and restricted competition. The company setting up a business in Europe need not feel an outcast now if he prefers to "lone wolf" it.

Don't hire in haste

Manpower planning. The right to hire and fire is a basic management prerogative in America. Not so in Europe. Layoffs of workers, for whatever reason, are considered to be socially *gauche* and the rankest kind of public relations. In most of the Common Market countries, a government agency must be notified if any layoffs for business reasons are planned.

In all cases, management must communicate its intentions to the workers' councils, and in France employees must receive a month's notice plus severance pay. In Germany, layoffs must be "socially justifiable."

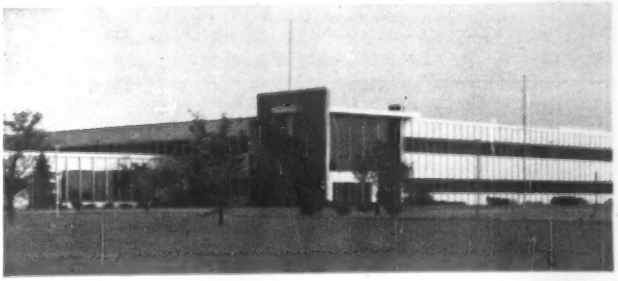
Employee discipline. It is in discussions of this topic that the American employer breathes his greatest sigh of relief. The European employee, by background and tradition, respects the authority of management. Few overseas workers look upon their foreman as a joker who got his job by pull, influence, or "dumb luck." Even fewer walk around with the illusion that they could do the job of management better than those who have been chosen.

Executive recruitment. In Europe, the practice of approaching an executive to sound him out on changing his job, so common in the U.S., strikes almost all business men as shocking. Testing men for executive potential is unknown. Even the executive interview, as conducted in this country, is quite out of order in most European countries. In Britain, where the sense of privacy is a national institution, questions about one's personal habits or interests are answered with a polite but firm evasiveness. In Italy, an American interviewing an applicant for an executive position suggested that he'd like to meet the man's wife. He received a rebuff just short of a challenge to a duel.

All this does not mean that executives are impossible to come by. Employer associations are setting up training courses, and many of them are good. And there are growing numbers of management courses in European universities whose graduates are coming into the market in greater numbers each year. END

PHILCO 2000 . . . THE COMPUTER THAT CHANGED THE INDUSTRY

Leading Defense and Business Organizations report:



PHILCO COMPUTER CENTER . . . devoted exclusively to the development, engineering, production and marketing of Philco Computers

Most Data Processing for their dollar

The Philco 2000 Data Processing System is now in use by many important organizations for business, scientific and military computation. All of these users report extremely low cost per unit of data processed . . . and that's the real measure of computer efficiency and economy. With the world's fastest overall system speed, the Philco 2000 is providing these users with *more data processing for their dollar* than is possible with any other system. Isn't that what *you're* looking for in a computer? A test run of one of your own toughest problems will prove that you'll get more for your money with a Philco 2000. We'll be glad to arrange such a test, without the slightest obligation.

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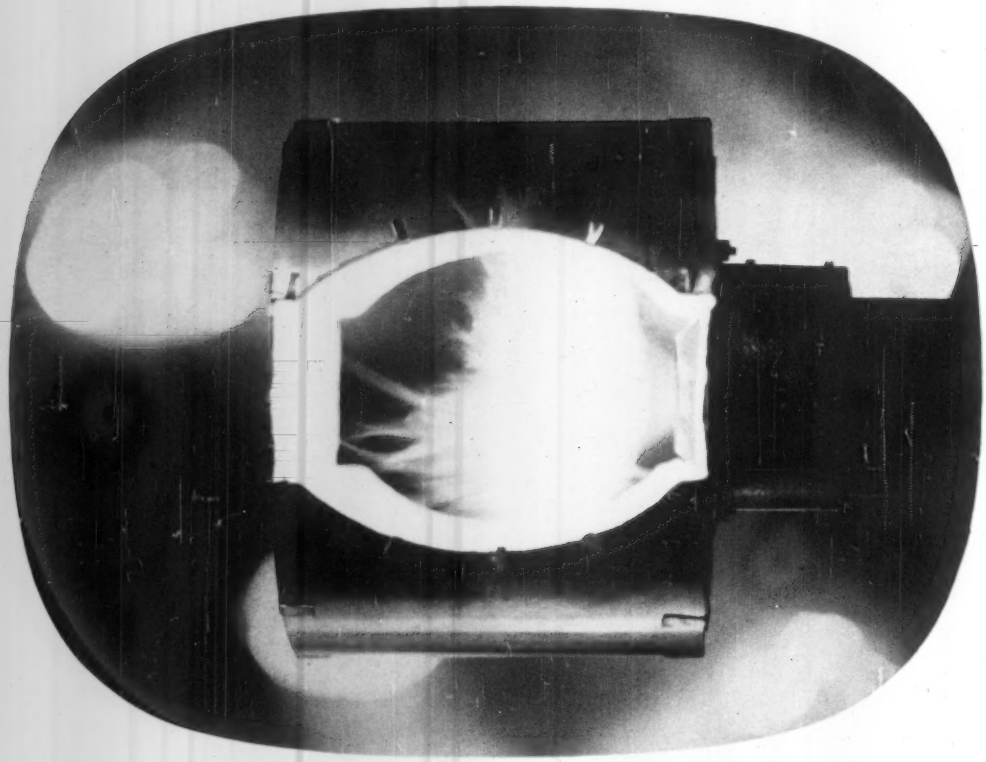
Famous for Quality the World Over

PHILCO CORPORATION • GOVERNMENT AND INDUSTRIAL GROUP • COMPUTER DIVISION • 3900 WELSH ROAD, WILLOW GROVE, PENNSYLVANIA

Opportunity report from General Mills Industrial Group



Research burner chamber, showing perfect fuel oil flame—clean, white, uniform

A General Mills' Chemical Keeps Home Fires Burning

Petroleum fuels of themselves lack several qualities essential to trouble-free operation in home furnaces. Fuel oils from cracked petroleum stocks tend to form sediments when they stand in storage. This plugs fuel lines and burner heads and generally "gums-up the works" . . . sometimes requiring repair work at the height of the heating season.

Petroleum fuel additives based on General Mills' Fatty Nitrogen Chemicals not only disperse color bodies and sludge, but, actually prevent their initial formation. Completely ashless, they do not leave a residue. The ability of Fatty Nitrogens to adsorb on surfaces and form a tenacious, protective monomolecular film endows fuel oils with anti-corrosion properties—keeps burner orifice open and fuel lines clean.

Also, the unique multiple-property characteristics of General Mills' Fatty Nitrogens find wide application in lubricating oils, diesel fuels, aircraft and automotive fuels. For additional facts, write:

General Mills

FATTY NITROGEN CHEMICALS

CHEMICAL DIVISION
S. Kensington Road, Kankakee, Illinois

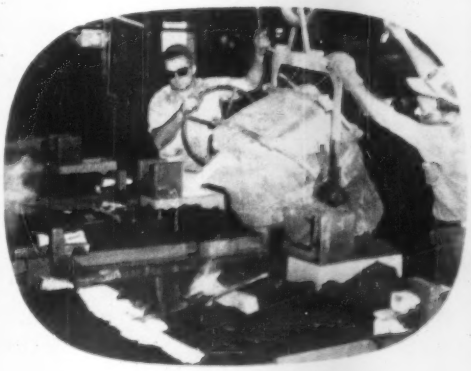
DispersaGen* makes latex paints truly uniform . . . easier to apply

Paints gain uniformity of color and texture with this active dispersing and wetting agent. DispersaGen stabilizes paint pigments; provides a smooth, creamy easy-to-grind paste. Finished paints are smoother, more uniform, simple to brush or roll on . . . *free of lap marks.*

DispersaGen is stable in latex systems, eliminates deflocculation and minimizes foaming. *Useful in printing inks, leather finishing and oil based coating systems. DispersaGen may be the answer to your problem.* Write:

GENERAL MILLS DISPERSING AGENTS
OILSEEDS DIVISION, MINNEAPOLIS 26, MINNESOTA
*Trademark of General Mills

Guartec helps foundry cut sand requirements 1554 tons a month



A wet-scrub salvage process enabled a large foundry to cut monthly sand requirements from 2,200 tons to only 666! But, the resulting dirty wash water polluted the stream in which it was discharged. What to do? Our Guartec proved the answer. Only .2 pound per ton of suspended solids of this superior selective flocculant was added to the water. Guartec settled all the solids, produced a clear effluent that was acceptable to river authorities.

Guartec products cover a range of versatile gums, having wide application in many other processes—and products. Write for more facts.

GENERAL MILLS GUAR GUMS
SPECIAL COMMODITIES DIVISION,
MINNEAPOLIS 26, MINNESOTA

Pure whites and delicate tints stay bright and fresh with Safflower Oil based paints

Alkyd resins formulated with General Mills' Non Break Safflower Oil keep their just-painted look years longer than ordinary paints.

Naturally light, Safflower Oil heat-bleaches almost water white . . . never yellows upon aging. High iodine value and linoleic content insure a fast dry . . . produce a durable, flexible film.

Unique characteristics make Safflower Oil a versatile oil, useful in rapid formation of uniform esters and polymers in premium grade paints, varnishes and chemical specialties. Write for the facts.

GENERAL MILLS SAFFLOWER OIL
OILSEEDS DIVISION, MINNEAPOLIS 26, MINNESOTA

General Mills

New ways to better profits through research at . . .

INDUSTRIAL GROUP

MECHANICAL DIVISION
OILSEEDS DIVISION
CHEMICAL DIVISION
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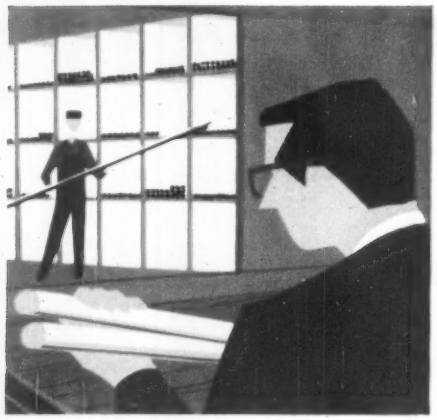
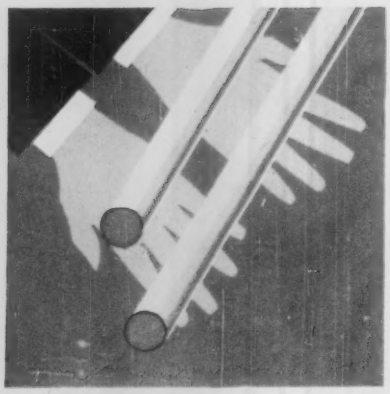
Simplify production, lower your cost of inventory possession



Inco's 2-Steel Plan Helps Business Cut Costs, Increase Profits

Standardization has been the answer to many a business problem. Now metal working companies have the opportunity for standardization savings in steel.



2 alloy steels do 9 out of 10 jobs

INCO has developed a 2-steel plan for standardization that offers businessmen the opportunity to simplify inventory and processing, save money in purchasing and production, and to **lower the cost of inventory possession.**

The Plan. The 2-steel plan is made possible by the exceptional properties of two versatile nickel alloy steels (AISI 4340 and 4620). With these two steels, a metal user can satisfy most of his engineering requirements. Instead of using many types of steels—he may be able to use just two. He standardizes, simplifies, and saves money right down the line!

What's more, both steels are stocked by Steel Service Centers coast to coast, ready for delivery right off the shelf. The result? The steels are ordered when they're needed, eliminating the tie-up of your capital—the tie-up of valuable storage space, as well.

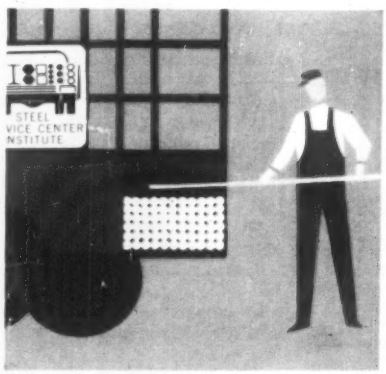
When you have carried your standardization plan as far as possible, and specialized needs warrant it, other nickel steels are available from these Steel Service Centers.

You'll find wherever there's a nickel-containing metal in use, it's backed up by the cooperative efforts of The International Nickel Company to help it do a better job.

For a directory of Steel Service Centers that can help put the 2-steel plan to work for you, simply write:

The International Nickel Company, Inc., New York 5, N. Y.

©1960, Inco



Steel Service Centers deliver them off the shelf

STEEL SERVICE CENTER INSTITUTE

INCO International Nickel

The International Nickel Company, Inc., is the U.S. affiliate of The International Nickel Company of Canada, Limited (Inco-Canada)—producer of Inco Nickel, Copper, Cobalt, Iron Ore, Tellurium, Selenium, Sulfur and Platinum, Palladium and Other Precious Metals.

Inside Industry

» *Import-Hit Manufacturers Counterattack*

» *Laboratories for Long-Term Lease*

"IF you can't beat 'em, join 'em." Faced with rugged foreign competition, hundreds of companies have taken the old maxim to heart and transferred part or all of their manufacturing overseas.

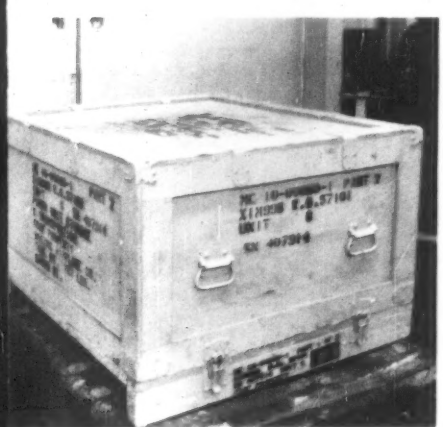
Six months ago DUN'S REVIEW chronicled the growing practice of American manufacturers to turn into importers in "Meeting the Import Challenge: U.S. Industry Goes Overseas," April, 1960, page 59. Since then, even more American manufacturers have jumped on the "importing" bandwagon, despite growing opposition from organized labor.

Nevertheless, many American manufacturers that have carefully weighed all the factors have decided that they *can* "beat 'em" without forming alliances with their overseas competitors.

Here's how they go about it:

- Where possible, companies are attempting to cut production and distribution costs radically. For example, a few years ago Japanese imports were severely cutting into the sales of the Bronson (Mich.) Reel Company. Instead of throwing in the sponge and supplementing its declining domestic production with Japanese reels made under the Bronson trademark, top management elected to fight back on its home grounds. Backed by suppliers, the union, and especially by new automated machinery, the company put all its chips on a new spincasting reel that it claimed was the lowest-priced in the country ($6). The response was so great that employment actually went up 20 per cent. And every one of the other 30 models in the company's line of products benefited.
- The heavy electrical equipment in-

Prize-Winning Industrial Package



HERE'S PROOF *that packaging of industrial products offers just as spectacular opportunities for improvements as consumer packaging. By converting to a new multipurpose knockdown reusable container, the Boeing Airplane Company is saving $106,000. The product is an auxiliary power unit for a Bomarc missile.*

In addition to replacing the old container, a reusable, cleated plywood-panel nailed type, the new box (left) replaces an in-plant handling box, an in-plant handling rack, and a test stand. With the new container, the contents are removed only for final installation in the missile, replacing a seven-step handling procedure. One of the most important of the simplifications is the use of the container base as a test stand (extreme right-hand photo).

A professional salesman

in a 13 lb. package...

New DuKane "Flip-Top" projector makes every neophyte salesman a pro... Doubles effectiveness of experienced sales staff. Delivers the message the way you want it, *complete* with sight and sound. Just open the lid, plug in, insert record—the "Flip-Top" starts selling instantly. See a free demonstration at your desk. *Write:*

DuKane CORPORATION,
DEPT. DR110 ST. CHARLES, ILLINOIS

Enjoy THE ADDED SECURITY AND INDEPENDENCE OF

TWO Incomes!

INVEST IN *Launderamas*

Coin-Operated, Fully-Automatic Laundry Stores

LAUNDERAMAS are the perfect "second business" for the man who wants to protect himself against today's inflationary costs. They can supplement his present salary and provide a steady, dependable source of revenue during retirement years. In 1959, over 1,800 businessmen invested in LAUNDERAMAS. Today, they are all enjoying substantial additions to their incomes—because LAUNDERAMAS require a low initial investment and begin to produce high returns from the day of opening.

The LAUNDERAMAS' low operating cost, which is free of franchise fees, permits you to offer your customers a 40% to 60% saving on all their laundry needs . . . making LAUNDERAMAS quick to win community acceptance and conducive to chain operation.

LAUNDERAMAS offer you built-in investment security because they are "competition proof"! They feature custom-designed equipment that is able to handle twice the amount of clothes the average commercial washers handle and at almost half the utility and maintenance costs. This outstanding equipment is available at the lowest financing terms in the industry—as low as 10% down with the balance financed at 6% over three years.

Our national organization of independent associates is ready to offer you the benefit of our years of experience in this success-proven field—and help you develop your own coin-operated laundry store business.

For complete information and name of nearest distributor, call or write—

ZEOLUX CORP. DEPT. D
261 MADISON AVENUE
NEW YORK 16, N. Y.
YUkon 6-9740

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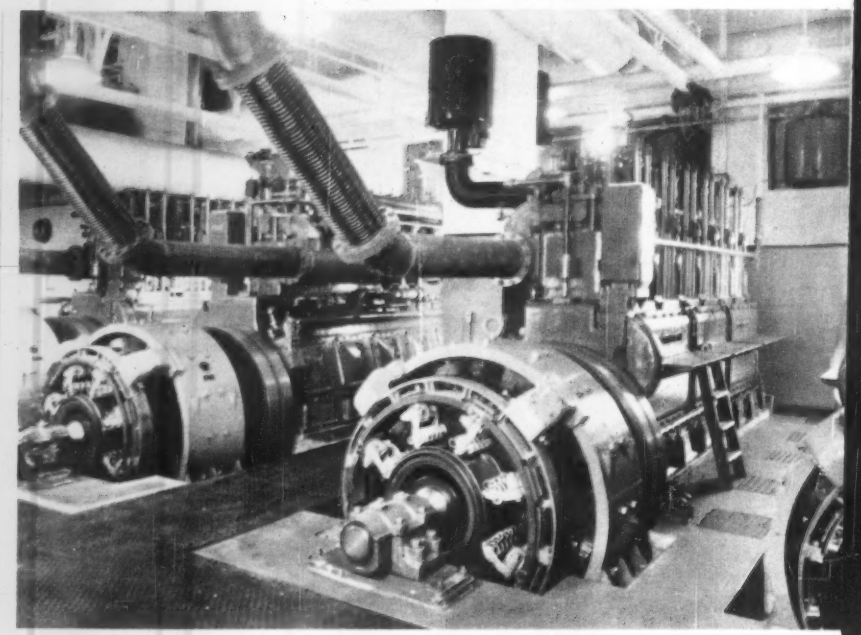


STARTING BLOCKS: *Before the heavy corrugated metal hoses (seen in the upper left-hand corner of the photo) were installed in the exhaust lines of these diesel-generators, normal vibration encountered in starting the engines and in phasing shook the exhaust pipes so violently that ceiling panels split. The stainless steel hoses, made by Allied Metal Hose Company, absorb enough vibration to prevent damage at this chemical plant down South.*

dustry is meeting foreign competition by cutting prices to the point where it even underbids British and Japanese competitors. It hopes that the added volume will make up for the lower profit.

- Some American companies are making intense studies of foreign production techniques as a basis for counter-moves. General Electric Company, for example, has assigned a high-ranking engineering executive to a three-month study of foreign competition in radio manufacturing.
- Some companies are carrying the attack to the enemy—i.e., seeking added sales abroad to make up for lost volume in the United States. While domestic sales sag, partly because of foreign imports, the machine tool industry is selling more machines overseas than last year—many of them special machines that are not yet offered by foreign producers. The resulting sales gain for domestic machine-tool makers may eventually aggravate the situation of other American manufacturers, who must bear the even heavier competition of U.S.A.-equipped foreign factories.
- Companies hard hit in the American market by competition from low-wage foreign producers are stiffening their collective-bargaining backbones. A good example is the Singer Manufacturing Company. Through plant newspapers, letters to employees' homes, bulletin board notices and ads in local newspapers, it hammered away at the theme that employees' jobs were threatened by foreign competition in the U.S.A. Effective communications helped achieve the needed result: At contract time, the union agreed to the company's wage offer and accepted management's important demands on incentive rates and work rules.
- The domestic hardboard industry has united behind a "Buy American" campaign that stresses its advantages over imports: ready availability, quick service, and high standards. Similarly, individual American companies are stressing their speed of delivery and broader stocks over foreign competitors.
- The most solid bulwark against foreign competition, according to many seasoned executives, is stepped-up product development which enables a company to offer the customer something different instead of trying to compete on price. An exam-

Louden Monorail
cuts the cost of
Interplant Transport

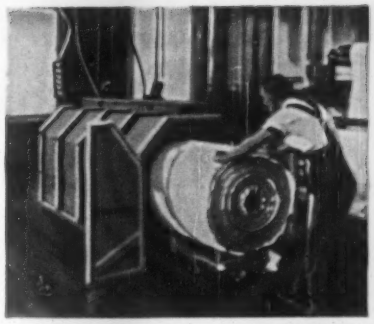
As companies grow and expand production facilities, the problem of interplant transport of materials, parts or semi-finished products is often encountered. Time and again Louden Monorail proves to be the perfect answer. With Louden's Selectomatic Control, such an interplant transport system can be virtually *automatic*.

The Louden Selectomatic Interplant Transport System at the Marion, North Carolina, plants of the Clinchfield Manufacturing Company is a good example. Here the problem developed of transporting tons of cloth daily between three separate buildings. 650 feet of Louden Monorail with a weather proof car in almost continuous operation provides the perfect answer. The car can be raised and lowered as required for charging and discharging loads: the destination desired is preset by the control; transport is speedy, trouble free, automatic. It is estimated three men with trucks would have difficulty doing the same job.

Louden Selectomatic Interplant Transport Systems can do many things not required in the Clinchfield installation described. It can automatically transport materials unattended from point to point anywhere in or about your plant, and it can select the shortest and most direct route to its destination. It can travel from floor to floor and building to building, open doors to let itself through and close doors behind it . . . building doors, floor doors, oven doors. It places loads in ovens or in banks of infra-red dryer lamps, turning the heat on and off as needed. It stops promptly when there is a load ahead or when it does not have the right of way, and resumes travel when the way is clear. It stops accurately at its destination and even loads and unloads its own carriers with certain classes of materials. It returns empty carriers to point of origin or places itself in storage awaiting its next call.

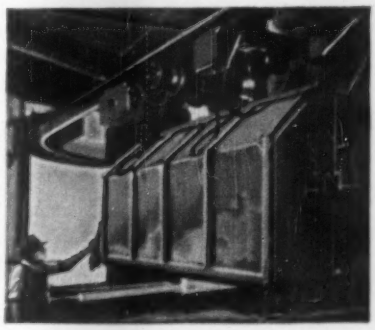
Louden Automatic Materials Handling is the guaranteed product of the pioneers and oldest company in the field of specialized monorail handling. Both the Louden field representatives and the factory engineers are highly trained specialists in the field of overhead materials handling. When you have a materials handling problem or any plant problem involving lifting and transporting loads, call on Louden for suggestions. This will cost you nothing but may prove to be the most profitable move you have ever made.

THE LOUDEN MACHINERY COMPANY
1104 Broadway, Fairfield, Iowa
A Subsidiary of Mechanical Handling Systems Inc.

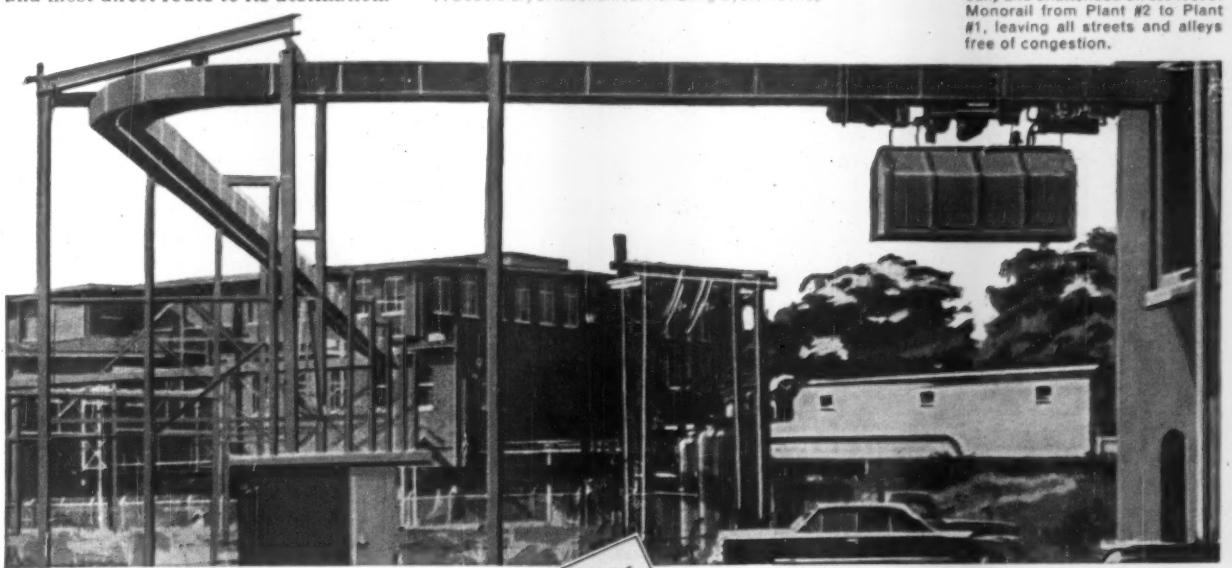


Operator loading carrier with two 650 pound beams of domestic print cloth prior to transport from loom room to cloth room.

Below:
Operator raising carrier into position, selecting destination by push button. Carrier automatically stops at desired destination.



Below:
Carrier completing trip automatically and unattended on 650 feet of Monorail from Plant #2 to Plant #1, leaving all streets and alleys free of congestion.



NEW. . . 52 pages of illustrated applications . . . industry by industry. Get the latest and most complete information on planning and equipment selection for the best in modern materials handling. Write today for your copy "COST-CUTTING WITH MONORAIL AND CRANES."

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MONORAIL & CRANES

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Permanent — METAL-CAL incorporates special high-tensile pressure-sensitive adhesives and bonding films that adhere permanently to any smooth, cohesive surface . . . to provide your product with lifetime identification.

Economical — METAL-CAL is faster, easier and more economical to apply than either nameplates or labels . . . requires no pins, screws, rivets or other fastening devices.

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Metal-Cal

ple is the "compensating diode," a new semi-conductor electron device developed by the Radio Corp. of America. By reducing distortion from temperature changes in transistor radios, it prolongs battery life. Obviously, RCA has a big selling point for its transistor radios over the Japanese imports that have been taking over the American market.

Some Don't Fade Away

Hardly a day goes by but some company announces the hiring of a retired Navy captain or Air Force colonel to strengthen its R & D staff.

Now it appears that industry will have to compete with the nation's colleges for this prime source of mature, responsible employees. A new survey by the Graduate School of Education of Yeshiva University shows that 650 recently retired officers have been hired in the past year by 250 colleges and universities. If they had been available, the colleges would have hired up to 900 ex-officers. Many are teaching technical subjects such as mathematics, engineering, electronics, and the physical sciences.

Leasing R & D Equipment

Companies that have been reluctant to bid for Government R & D contracts because they lack special laboratory equipment can now lease the necessary gear. The Nationwide Leasing Company of Chicago is prepared to lease lab equipment, including environmental testing devices, on terms running from three to five years. Since the Government has been known to terminate R & D contracts abruptly, the plan conveniently includes a cancellation clause.

Materials Notes

The Russians are reported to have developed a process for making glass as strong as steel. It is said to increase glass bending strength as much as 1,100 per cent.

Vanadium, a vital and scarce ingredient in heat-resistant steel, may soon be extracted from crude petroleum. Scientists at the University of Utah are working on a process that would extract vanadium compounds from certain crude oils. There's a double benefit, since the corrosive compounds now damage refineries. —M.M.

The new XeroX 914 Office Copier does not require expensive sensitized paper, or intermediate film negative, or liquid chemicals. It copies directly onto standard office paper (plain or colored), your own letterhead, or card stock. Up to 6 copies per minute!

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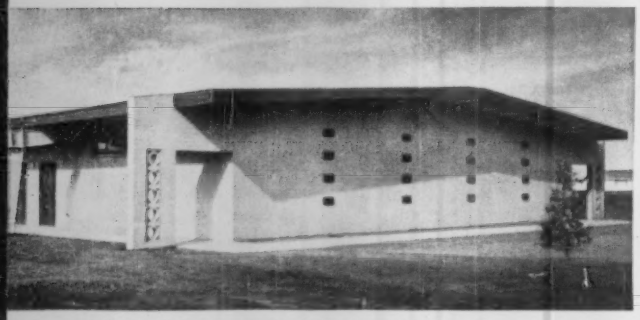
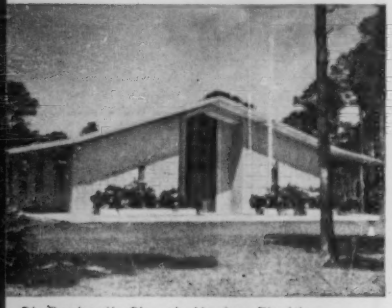
Flick-Reedy Corporation, Bensenville, Illinois. Architect: Zay Smith Associates; Designer, Norman Steenhoff

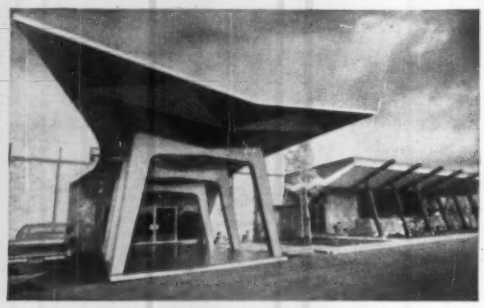


Cartwright Elementary School, Phoenix, Arizona

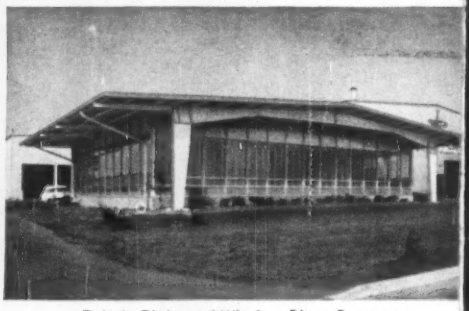
Queensway Volkswagen, Toronto, Ontario. Architect: Lipson and Dashin



St. Raphael's Church, Venice, Florida
Architect: Thomas J. Madden, A.I.A.



Waialae Bowl, Honolulu, Hawaii
Architect: Takashi Anbe, A.I.A.



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Maple Heights, Ohio

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OVER 100,000 BUTLER BUILDINGS

now serve American industry, commerce, and community life

You're in good company when you decide to build with the Butler Building System. The roster of big-corporation users reads like a Who's Who of American industry. End-use market analysis of only 1959 Butler building orders tells a story of astonishing versatility. Butler buildings were purchased by 27 different kinds of industries, 23 kinds of commercial users; 6 types of transportation services, plus educational, religious, and fraternal organizations, and all levels of government from federal to local.

Pre-engineering, precision factory-fabrication and simplified construction methods—backed by constant technical innovation and high quality standards—have created one of the most universal and popular systems of building construction in use today. The Butler Building System offers you important advantages. Not the least of these advantages is the international network of experienced Butler Builders . . . the largest independent organization of its kind. Butler Builders offer single-responsibility service, a turn-key job, and even arrange financing. Before you build—contact your nearby Butler Builder. He is listed in the Yellow Pages under "Buildings" or "Steel Buildings." Or write direct.

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FTC's Big Stick Bigger

In the wake of its stepped-up campaign to cut down monopolies and eliminate deception in trade and advertising, the Federal Trade Commission reports an all-time high in the number of complaints and orders filed against business houses. Antimonopoly actions quadrupled and anti-deception actions during the fiscal year ending June 30, 1960 were triple the number taken in the average year between 1949 and 1958.

And this, promises FTC Chairman Earl Kintner, is only the beginning. Said Kintner recently: "While these performance statistics are indeed gratifying, the task before us—to obtain compliance with the laws prohibiting unfair business competition—is still awesome in its dimensions. The past year's performance is an indication of what a hard-driving staff can do, but it is by no means the ultimate of our capacity. Rather, the performance means that real momentum is being developed."

Unrelenting in its heavy campaign to enforce all the laws entrusted to its care, the FTC places high on its current agenda the subject of product guarantees. "Tell the truth, the whole truth and nothing but the truth," seems to be the message. "Too little time or too little space is no excuse for falsely advertising a guarantee on radio or TV."

In the FTC's book, false advertising isn't confined to a downright lie. It may mean not telling the whole story. "Telling the whole story may be impossible," the advertising pros answer. For this, the FTC has a cold stare. Its position: "Guarantees are such a compelling sales point that, whether it be inches of newsprint or the average commercial's 10-to-60 second time span, if space does not permit disclosure of a guarantee's terms and conditions, the guarantee may not be mentioned in the ad."

If you wish to advertise that your product is guaranteed, the Federal Trade Commission will require you to make clear the identity of the guarantor, the nature and extent of the guarantee, and exactly what you will do if the product doesn't work out as you claimed. Questions like these must be answered:

- What product or part of a product is being guaranteed?
- For how long a time?
- Will the guarantor repair the part, replace it, and charge the owner for labor?
- Will he give him a new product?
- Who is guaranteeing the product, the manufacturer or the dealer?

To live up to FTC expectations, ads for products guaranteed on a pro-rata basis must explain the conditions on which adjustments will be made. These include the length of time the product has been used, how the guarantor will perform, and the price to be used in adjustments if this price is other than that paid by the purchaser.

If you'd like to advertise that your product is guaranteed to save the user some specific amount—say 50 per cent—you must explain what you will do if the savings are not realized. If "life" or "lifetime" guarantees apply to any life other than that of the purchaser or the original owner, you must reveal whose life or what lifetime is meant.

Claims such as "Satisfaction or your money back" or "10-day free trial" guarantee purchasers the option to ask for and expect to receive a full refund. Any limitations or conditions on this type of guarantee must be revealed in the ad.

If you think these regulations are tough, brace yourself. They're only a small part of the story. For the full treatment, write the FTC's Bureau of Consultation, Washington 25, D.C., for *Guides Against Deceptive Advertising of Guarantees.*

- *A guarantee can be a wonderful selling point—but unless you tell all, the FTC will give you a bad time in court.*
- *Even to help your dealers, don't put a fictitious "usual price" on your products, says Uncle Sam.*
- *Making your customers sign up for service or replacement parts is risky business—except in one situation.*

No Place for the Innocent

A shower-head importer felt he'd sell more shower heads if his distributors unloaded more. How could he help his distributors? By putting out a flyer listing the sale price of each item and next to each listing a higher price representing the "usual" price.

A cutlery distributor who reasoned along the same lines put a fictitious sales price on his products in order to help his retailers. Neither had contact with the ultimate consumer, who

Allis-Chalmers tractor power

Enough wood in one bite for 9,000 newspapers

In one swift lift, Allis-Chalmers tractor loaders pick up 4½ tons of pulpwood . . . enough to make 9,000 full-size, 40-page daily newspapers, or a stack of ordinary typewriter paper 18 stories high. Both wheel and track-type loaders are powered by heavy-duty Allis-Chalmers diesel engines . . . healthy, high-performance engines that bring loggers fuel savings as high as 20 percent in woodland operations. Allis-Chalmers, Milwaukee 1, Wisconsin.

ALLIS-CHALMERS

POWER FOR A GROWING WORLD

would be misled by the fictitious prices, but the Federal Trade Commission filed a complaint against them anyway. The offense: Providing customers with the means of deceiving the ultimate purchaser.

The safest practice is to leave to your dealer the pricing of your merchandise after it leaves your hands. If you must, recommend a retail price, but make pretty clear that it's merely a recommended price, not binding on the dealer.

Tie-Ins Can Boomerang

A policy of refusing to sell your product to a customer unless he signs up for your service contracts, replacement parts, or other products, makes sense as a means of boosting sales. But it's also a pretty good way of making sure you'll end up in court for violating the antitrust laws.

An oil company recently found itself in Federal Court because it insisted that its service-station lessees purchase substantial quantities of a particular line of tires, batteries and accessories as a condition of getting their leases renewed. The U.S. Fourth Circuit Court of Appeals found that the oil company had violated the Sherman Act, even though it did not require its lessees to deal *exclusively* in its line of products.

That's the law. But there is one instance where tie-in sales have been approved, at least as a temporary measure. The Federal District Court for Eastern Pennsylvania ruled that a tie-in sale doesn't necessarily violate the antitrust laws if, for example, you are pioneering with a new product which may fail if not serviced properly. Nor would you necessarily violate the law by insisting that your components be purchased—not your competitor's. Pioneers apparently are entitled to that break.

In the case which gave rise to this ruling, the product was community antenna equipment. When it was first introduced to the market, the company had its fingers crossed. To make sure that it would work, it insisted on servicing it and having its purchasers buy its components. However, the court made it clear that once the pioneering days were over, tie-in sales would again become taboo.

Don't Smile—File

An insurance broker has the twofold

Allis-Chalmers
electric power

Cost-cutting modernization for pulp mills

Super-Seal motors mark a major advance in design . . . offer built-in protection from moisture and chemicals. And Allis-Chalmers pumps bring high efficiency, low maintenance to handling high-density pulp. Together they help producers modernize and cut costs.

Super-Seal is an Allis-Chalmers trademark.

ALLIS-CHALMERS

POWER FOR A GROWING WORLD

function of selling insurance and servicing the customer when there's a claim to present to the insurance company. When the time comes to put in a claim, play it safe and meet all the small-print requirements set forth in the policy.

Most policies require the filing of a proof-of-loss form with the insurance company within a specified period of time—say 60 days—from the discovery of the loss. Take no chance. Report it to the insurance company in writing within the prescribed time, even though you told the broker and he assured you he was taking care of it. Report it even though you may be negotiating a settlement with the same insurance company.

One insured waited 108 days after notifying the insurance company of his loss before filing the required proof-of-loss form. He had no case, ruled a Pennsylvania court, when he sued the insurance company. Too many days had elapsed beyond the limit set in the policy.

What if you don't have the facts for a complete report? File what you can. Get a written extension of time from the insurance company to file the balance.

Watch the Fine Print

Another instance where the letter of the law must be heeded comes up in the filing of chattel mortgages. Most companies are aware that chattel mortgages and similar documents must be filed if they are to be valid against innocent purchasers. However, many states also provide that these documents will lose their validity if not refiled within a given time—or if a statement is not filed indicating that the mortgage still is in existence.

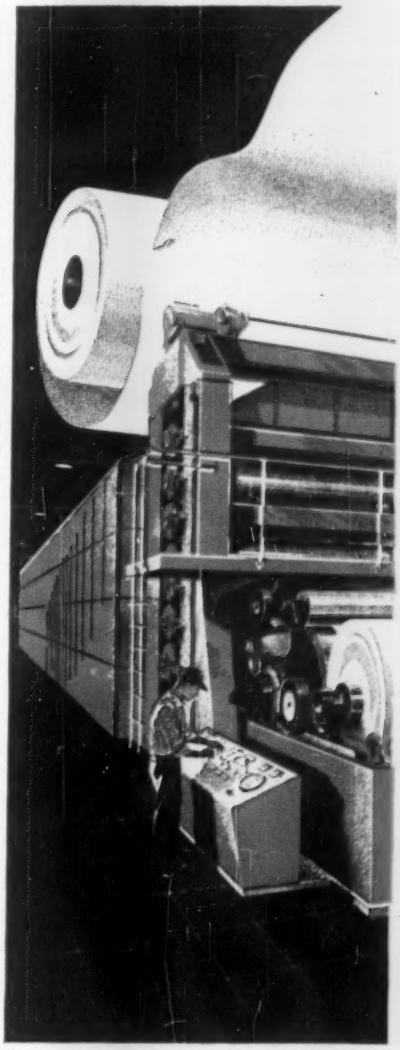
A New York mortgagee filed his lien when he was first given the mortgage—but because he didn't meet the state's refiling requirements, a court held the mortgage to be invalid against creditors after the original period had expired.

Check Those Signatures!

What is your corporate check-writing practice? Are two signatures required? If so, be sure that the title of the officer signing the check appears next to his name. In some states, a New Jersey court stated, the bare signature of the second signer—that

Allis-Chalmers
machine power

Reels off 14 miles of paper an hour

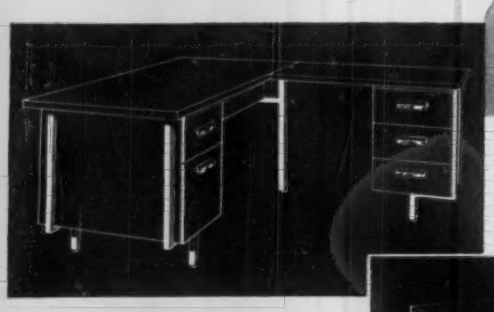


Massive paper-making machines of Valley Iron Works Corporation, an Allis-Chalmers subsidiary, are often as long as a football field . . . turn out tons of paper every hour. From forest to finished product, Allis-Chalmers serves one of the world's great and growing industries.

ALLIS-CHALMERS

POWER FOR A GROWING WORLD

Which desk goes better in your offices?



MODULAR?
Dramatic styling — modular flexibility — colorfully attractive

CONVENTIONAL?
Quiet styling — conservative appearance — smoothly proportioned

The two desk styles shown here are made by H-O-N. And there is a demand for each kind. You may have a strong preference for one or the other. In either case, an H-O-N dealer can satisfy your desk requirements, completely . . . with Millionaire Modular or Convaire Conventional.

H-O-N OFFICE EQUIPMENT

Ask your H-O-N dealer to show you the improved construction features and desirable utility features that distinguish both H-O-N styles as solid values for your desk investment. Write H-O-N Co., Muscatine, Iowa for literature, and dealer's name in your city.

How To Get Things Done Better And Faster

BOARDMASTER VISUAL CONTROL

- ☆ Gives Graphic Picture—Saves Time, Saves Money, Prevents Errors
- ☆ Simple to operate — Type or Write on Cards, Snap in Grooves
- ☆ Ideal for Production, Traffic, Inventory, Scheduling, Sales, Etc.
- ☆ Made of Metal. Compact and Attractive. Over 500,000 in use.

Full price $49.50 with cards

FREE 24-PAGE BOOKLET NO. D-200 Without Obligation

Write for Your Copy Today

GRAPHIC SYSTEMS
Yanceyville, North Carolina

Reduce your Product Development Work-load — get Speedier Production!

Maysteel

Designs, Fabricates and Assembles Complete Products in

SHEET METAL

• You will benefit in cost and time with Maysteel's Complete Manufacturing Services—if your product is in sheet metal, steel, stainless, magnesium or aluminum. These services include creative designing, skilled engineering, proud craftsmanship, money-saving tooling, outstanding durability and beauty of finish. Maysteel Service will reduce your work load and increase your profits. For full appreciation of Maysteel abilities, just send us a rough idea, a blueprint or a sample for quotation.

Field Medical Chest

Write for "Modern Progress in Sheet Metal Fabrication."

Maysteel PRODUCTS INC.

740 N. Plankinton Ave., Milwaukee 3, Wis.

is, without his title—may make him liable as an individual. At least, if he is called upon to pay personally, he'll have an uncomfortable time as he tries to prove to the court's satisfaction that he signed in a corporate capacity—not as an individual.

New Rules from Uncle Sam

Government contractors are being handed a lot of new regulations to examine. The General Services Administration has just come out with an amended set of regulations covering cost-reimbursement contracts for supplies and research as well as certain negotiated fixed-price type contracts. Among the matters affected are determining costs under research contracts with educational groups, handling construction contracts, and the renegotiation of termination settlements.

The new rules can now be secured from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. Cost: 15 cents.

The Armed Services Procurement Regulations were also revised. The chief features of this revision are extensive changes in format. From now on, the regulations will be sold on an annual subscription basis—$18 for a basic manual in looseleaf form for insertion in a standard ring binder, plus supplements for two years. Revised pages will no longer be sold separately. These regulations can also be obtained from the Government Printing Office.

Break for Retailers

Persuasive retailers who are tired of the burden of paying excise tax and filing the requirement forms can get out of the form-filing business—at least if they can charm their manufacturers, jobbers, or distributors into the task.

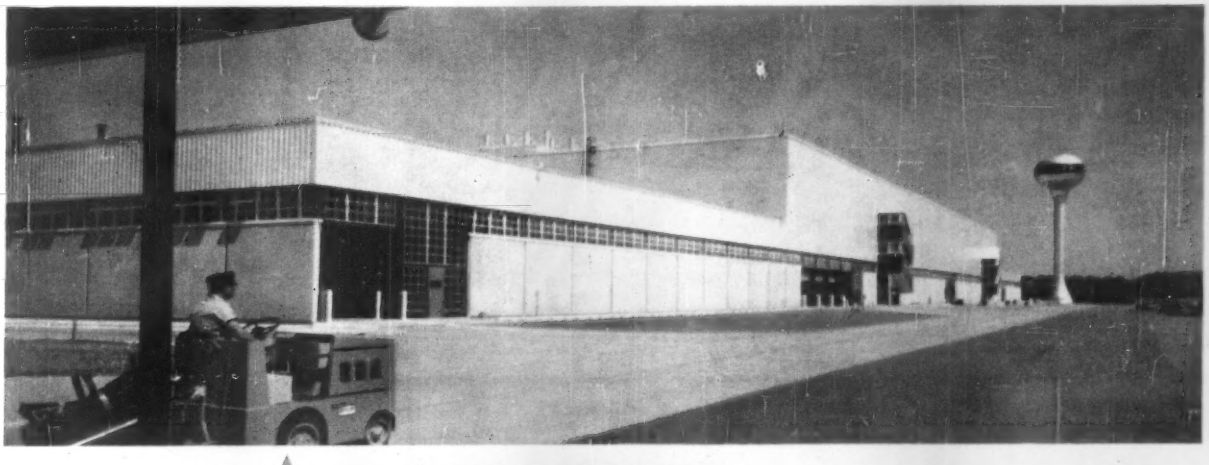
Likewise, manufacturers, jobbers, or distributors who want to give their customers a little something extra in the way of service can take over the burden.

The Internal Revenue Service has a procedure under which the tax can be paid out for the retailer and the necessary forms filed for him. For the complete story see tax regulations Sec. 48.6011 (c)-(11) or get in touch with your district director of the Internal Revenue Service. END

When management makes the **BIG** decision...

on building products - it's Mahon

More and more, progressive management is looking to Mahon for the building products that provide attractiveness, economy and down-to-earth practicality to meet their industrial construction needs. Of the ten Top Plants of 1960 as cited by *FACTORY* Magazine, four were built with Building Products from Mahon . . . either roof deck, curtain wall, steel floors or rolling doors (a fifth Top Plant was equipped with a complete finishing system from Mahon). Considering the number of 'Mahon-type' products, this is a remarkable tribute. The reason: Mahon Building Products fit today's architecture . . . take care of tomorrow's maintenance . . . and do both on the most reasonable cost basis.



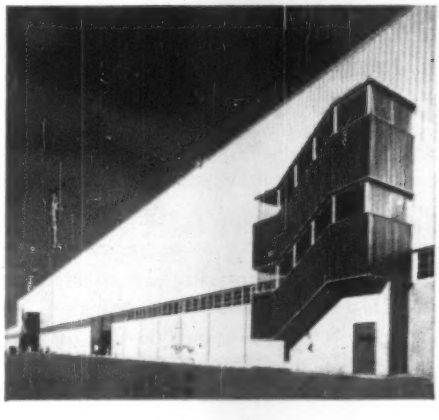
CASE IN POINT:

One of FACTORY'S award-winning Top Plants of 1960—Chrysler Corp.'s new assembly plant at Fenton, Mo. Mahon Curtain Wall of bright aluminum gives a glistening finish to the giant facility.

For contrast, black baked-enamel Curtain Wall from Mahon, was used by Chrysler for exterior stair wells.

Architects and engineers: Albert Kahn, Inc.

General Contractor: H. D. Tousley Co., Inc.



MAHON COMPANY

BUILDING PRODUCTS

- Aluminum or Steel Curtain Walls (in natural or colored metals)
- Rolling Steel Doors (Standard or Underwriters' labeled)
- Metalclad Fire Walls (Underwriters' rated)
- M-Floors (Steel Cellular Sub-Floors)
- Long Span M-Deck (Cellular or Open Beam)
- Steel Roof Deck
- Acoustical and Troffer Forms
- Acoustical Metal Walls, Partitions and Roof Decks
- Permanent Concrete Floor Forms

CONSTRUCTION SERVICES

- Structural Steel-Fabrication and Erection
- Steel Fabrication-Weldments
- Geodesic Domes—Fabrication and Erection

THE R. C. MAHON COMPANY | *DETROIT 34, MICHIGAN*

Manufacturing Plants—Detroit, Michigan and Torrance, California; Sales-Engineering Offices in Detroit, New York, Chicago, Torrance and San Francisco; Representatives in all principal cities.

MAHON

MORE MEN THAN BUTTONS?

CURE THIS WITH P·A·X BUSINESS TELEPHONE SYSTEM

The ailment: Once upon a time you had buttons and buzzers, gimmicks and gadgets for all your key men. Now your men outnumber your buttons, your operator is overworked, and outside calls get stymied and lost!

The cure: Automatic Electric P-A-X, the internal telephone system that connects you with *any* member of your organization. P-A-X is dial-controlled to complete *inside* calls in *seconds*—leaves your operator free to handle *outside* calls!

You save tempers, trouble, time with P-A-X. You never have to leave irate clients "on the hook." And you enjoy high-speed communications within your organization—the kind that *gets things done!* This business telephone system improves both inside and outside service.

If you've got telephone traffic jams—investigate P-A-X today! Write Director, P-A-X Sales, Automatic Electric Sales Corporation, Northlake, Illinois.

AUTOMATIC ELECTRIC

NORTHLAKE, ILLINOIS

It's the SECOND Telephone that marks the efficient executive!

International Markets

ALEXANDER O. STANLEY

GATT Fight

Bickering and bargaining, both usual features of the GATT conferences that started thirteen years ago, will be tougher and sharper at the current Geneva session, which is to run through the late summer of 1961. The reason: conflict between the Common Market timetable of external tariff adjustments and the tariff objectives of 31 GATT "outsider" countries including the United States and, of course, the "Outer Seven" (EFTA). Among the highlights of the agenda and the points at issue:

Phase 1 of the discussions, to last until year's end, is to reconcile the shifts, up or down, of the external tariff rates of EEC members with the concessions sought by the "outsiders." To conform with the EEC calendar, this means tariff increases in some categories—especially by Germany, Belgium, Luxembourg and the Netherlands—and cutting others, mostly on French and Italian goods. The purpose is to eventually eliminate the external tariff differentials among EEC members. But it conflicts with tariff concessions now sought or previously worked out individually by EEC members with the "outsider" group.

Maneuvering for advantage

When Phase 2 of the discussions begins early next year, each delegate will hold face-to-face talks with one other delegate at a time, and then will change partners. (Under GATT rules, concessions made to one GATT member apply to all.) This piecemeal approach has been effective in other conferences, but now it's likely that toes will be stepped on and tempers strained. The reason is simple: "Outsiders" can deal freely among themselves but in effect, they will have to deal with the Inner Six as a bloc.

U.S. representatives are empowered to work out tariff cuts in some imports ranging up to 20 per cent over four years. But with some areas of U.S. business bitterly protesting mounting imports which have already hurt them, the U.S. delegates will have to move cautiously and extract the best bargains possible.

How high a wall?

At the root of all these troubles is a conflict in tariff philosophy. The EEC nations, spearheaded by France, want a tight customs union with a common external tariff for the bloc set high enough to impede the products of "outsiders" and to encourage internal interchange. The "Outer Seven," led by Great Britain, prefer a freer formula, under which each member country would set its own external tariff standards to suit its own special situations. Lately the British have indicated a willingness to compromise, but how smoothly and how quickly solutions advance from the conference to the blueprint phase is a moot point. A single thin straw in the wind: the newly appointed Secretary General of EFTA, Frank E. Figgures, has moved his staff of 25 (EEC's staff of 2,000 is still growing) to brand new quarters near the UN building outside Geneva.

On the U.S. domestic business scene, the tariff waters are also roiled. The Senate Small Business Committee has plumped for government aid to U.S. industries hurt by tariff concessions and severe import competition. Some of the solutions suggested:

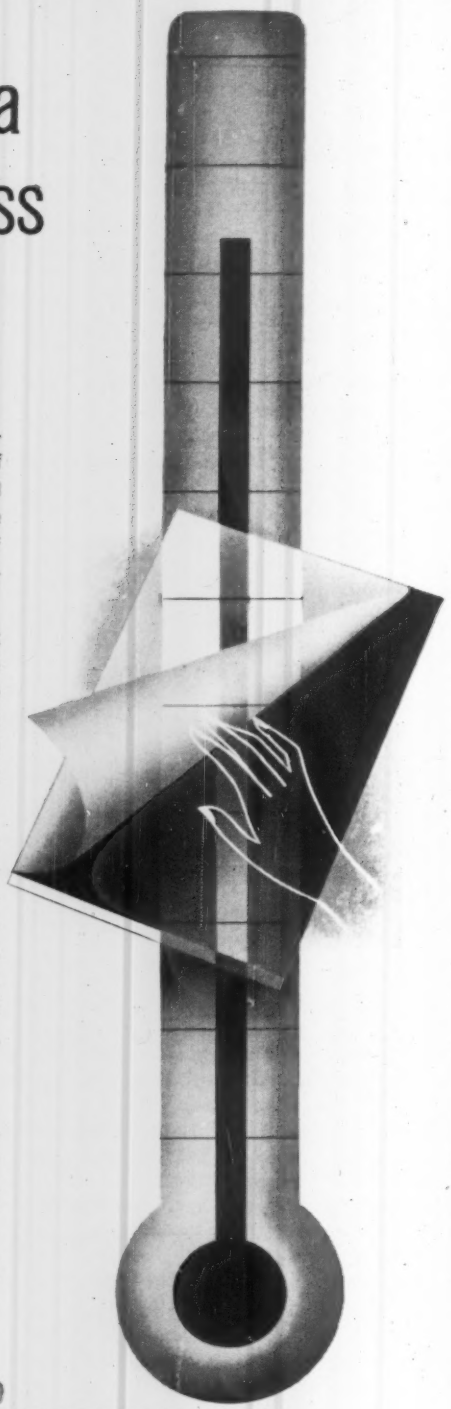
- *At Geneva, GATT members head into a stormy session to reconcile conflicting tariff objectives.*
- *New tax legislation gives a break to U.S. companies with interests in several countries.*
- *Shifting investment patterns in Latin America spell new opportunities for profit-oriented U.S. concerns.*

The Swiss, host country to the tariff contenders, are having their bad innings too. Though a member of the Outer Seven, Switzerland traditionally has strong trade bonds with German processors across the Rhine. They even maintain subsidiary plants a few minutes away across the border.

So, until now, goods have moved easily across the national boundaries for conversion—chemical products shuttling between German and Swiss plants, textiles moving from Italy to Switzerland to Germany and back again. And tariffs have been adjusted to accommodate this movement. But come January 1, 1961, the tariff barriers go up. Particularly hard hit will be the Swiss chemical industry, a good U.S. customer, which has few raw material sources of its own and taps Germany for some of its basic supplies. With duties looming, price increases and tougher competition lie ahead for Swiss chemical products in their own markets as well as abroad.

WHERE DO YOUR SPIRIT MASTERS RANK IN THE

Columbia Cleanliness Index



The Cleanliness Index dramatically demonstrates the wide gap in the cleanliness of spirit masters—ranging from the grime and aggravation of ordinary uncoated purple masters to the immaculate performance of Columbia's supercoated, super clean Marathon Blue Ready-Masters.

It could be quite a revelation to find out just how clean your spirit masters really are . . . not only in the preparation, but in the handling and duplicating as well. It could also result in quite a saving in time and money, to say nothing of the improvement of the quality of your duplicating.

Columbia salesmen are anxious to demonstrate these differences at no cost or obligation to you. They'll also be happy to advise the correct master for a job that's particularly troublesome to you. Write for a free demonstration of the Cleanliness Index. Ready-Master Division, Columbia Ribbon & Carbon Mfg. Co., Inc., 10111 Herb Hill Road, Glen Cove, N. Y.

Columbia Research and Development, backed by more than a half century of pioneering leadership, constantly seeks out the ultimate in spirit master cleanliness. The Marathon Blue Ready-Master is the latest in a long line of key developments in the cause of cleanliness.

MARATHON BLUE READY-MASTERS

Columbia®

Columbia Ribbon & Carbon Mfg. Co., Inc., Glen Cove, N.Y.

Columbia Ribbon & Carbon Pacific Inc., Duarte, Calif.

readjustment aid, loans, tax concessions, no tariff concessions to "sweatshop" imports, protection against "pirating" of designs and ideas.

Tax Break from Uncle Sam

Big news for American companies with multiple investments overseas is the recently enacted tax legislation which allows lumping credits on income taxes paid abroad by U.S. subsidiaries. This new tax treatment will ease some of the burden resulting from the upward trend of taxes in some countries. Until now, U.S. credits have been limited on a per-country basis. If in country A, for example, you paid less than the prevailing U.S. rate of 52 per cent (after the first $25,000 of net profit), you could claim as a credit only your actual foreign tax credit in that country. Meanwhile, if you were paying a 70 per cent rate to Country B in the same year, you could take as credit only the first fifty-two per cent. As for the 18 per cent difference, you were out of luck. Now, in effect, you can apply the excess credit to other, lower-tax-rate countries where you operate, saving tax dollars by combining the credits.

Investment Cross-Currents

While Castro is busily gobbling up U.S. branch industries in Cuba, U.S. business is expanding its stake in the Mexican market and looking over new inducements in Latin America, Europe, and even the African markets. Here is a spot check:

- In Cuba, almost all U.S. branch investments have been either expropriated or "intervened." The "Cuba Si, Yanqui No" operation has already lost to U.S. business almost all the $1 billion invested there. But cracks are showing in the Cuban economy. Trading on the 66-year-old Havana Stock Exchange has dwindled from millions daily to about $500,000 a month. The printing presses are churning, and paper pesos to the tune of $750 million have been pumped into the economy, bringing "money" in circulation up 52 per cent in just the first five months of 1960. And now there are "chickenless Tuesdays."
- $600 million of U.S. aid has been earmarked for Latin America (not including Cuba), with more funds implied for the future. Planned for the

HEAR AIRCRAFT... Right in Your Own Home or Office

With the Air-O-Ear 3 Band aircraft radio you can hear planes in flight. Listen in as the pilot calls the tower for take off and landing instructions... tune in giant jets as they fly high above you... hear business and private planes... hear what happens when the weather is bad and the airport is "*socked-in*"... learn what goes on during an EMERGENCY.

Aircraft Listening Is a Fascinating Hobby

Use Your Diner's Card or Open Account To Your Company.

$99.95 postpaid

AIR MAIL REACHES US OVERNIGHT

Painting by Douglas Ettridge

New Air-O-Ear Radio Picks Up Planes In Flight

Leading Companies Use Air-O-Ear

American Airlines, KLM Royal Dutch Airlines, Standard Oil Co., Pan American, **T.W.A.,** Champion Spark Plugs, Flying Tigers, **Federal Aviation Agency,** Atomic Energy Commission, U.S. Weather Bureau.

Leading Professional Magazines...

Have Published the Air-O-Ear Story: *Flying, Pilot, Skyways, Business & Commercial Aviation, Aviation Age.*

A Spectacular Executive Gift

Open account billing to your company on 5 or more Air-O-Ear Receivers. Send us your Christmas list. A gift that won't quickly be forgotten.

Air-O-Ear Is Tax Deductible...

when used in conjunction with business flying. (Companies use Air-O-Ear to plan airline arrivals and departures.)

FIRST CLASS PERMIT NO. 27 MANHATTAN BEACH CALIFORNIA

Via Air Mail

BUSINESS REPLY MAIL

NO POSTAGE STAMP NECESSARY IF MAILED IN UNITED STATES

POSTAGE WILL BE PAID BY

nova-tech
INCORPORATED
1721 SEPULVEDA BOULEVARD
MANHATTAN BEACH, CALIFORNIA

HEAR ! PLANES IN FLIGHT

NEW THRILLS... NEW EXCITEMENT

Hear What Pilots Say when the weather is bad, and there is fog, snow, or even icing conditions. Can you imagine what a pilot feels and thinks? Listen to him anxiously call the tower for assistance.

Educational increase your knowledge of airline operations. Listen to the pilots of the giant jets. **Learn vital radio procedures from professionals** . . . while you sit comfortably in your home or office. Hear planes in distress. Know what the specialists on the ground are doing to help. Join in this exciting adventure with your Air-O-Ear 3 band radio.

Enjoyment For The Whole Family with a flip of a switch, the Air-O-Ear leaves the fascinating world of aviation and becomes a broadcast radio that reproduces the most exacting tones with clarity and brilliance.

More Than 70,000 Satisfied Users join the more than 70,000 delighted owners of the Air-O-Ear "ticket to high adventure." Your pleasure is assured by the Air-O-Ear money back guarantee.

3 RADIO BANDS

VHF (Very High Frequency) Aircraft Band. Tunes 108 to 130 MC and picks up all planes in flight.

LF (Low Frequency) . . . Weather Band. Tunes 200 to 400 KC. Monitors U.S. Government weather predictions, broadcast 24 hours a day by the U.S. Weather Bureau. Makes Air-O-Ear perfect for those who need accurate weather information.

AM (Standard Broadcast Band). Enjoyment for the whole family. Brings you all of your favorite radio programs.

Questions & Answers

Q. Does Air-O-Ear Plug in anywhere?
A. Yes. Air-O-Ear operates on ordinary house current. Use it in your home or office.

Q. How do I order the Air-O-Ear Receiver?
A. Fill out the attached air mail order blank. We pay the postage. We receive your order overnight.

Q. Can I charge it to my Diners Card?
A. Yes, or you can send your check or we will ship it to you C.O.D.

Q. What kind of guarantee does the Air-O-Ear have?
A. Nova-Tech has manufactured thousands of Air-O-Ear 3 band V.H.F. receivers for customers all over the world. We are a million dollar company, D. & B. listed, member of California Chamber of Commerce. All shipments are insured, postpaid, and unconditionally guaranteed.

Testimonials

". . . very impressed with performance . . ."
Federal Aviation Agency

". . . send us 10 more Air-O-Ear Receivers . . ."
K.L.M. Royal Dutch Airlines

". . . use it for weather, general enjoyment, and to learn the language used in aviation . . ."
E. Brown, Portsmouth, Ohio

". . . our set is operated 24 hours a day and gives us very satisfactory service . . ."
George Crockett, Alamo Airways, Las Vegas, Nevada

". . . excellent . . . I certainly would recommend the Air-O-Ear 3 band V.H.F. receiver to other aviation enthusiasts . . ."
Kay Buckley, Franklin Park, Ill.

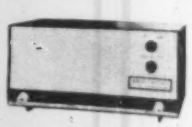
". . . the Air-O-Ear V.H.F. receiver has met with our greatest expectations. Many of our members have written to us expressing their complete satisfaction."
Aircraft Owners & Pilots Assn. (A.O.P.A.)

ORDER BLANK: NOVA-TECH, INC.

1721 Sepulveda Blvd., Manhattan Beach, Calif.

Please ship _____ (Quantity) Air-O-Ear 3 Band Receiver(s) immediately at $99.95 each with 10 day return privilege.

☐ Ship Air-O-Ear Receivers to enclosed list. ☐ Bill me, ☐ my company. ☐ Charge to my Diner's Card



$99.95 Postpaid

Diners Club No. _____ Ship C.O.D. _____ I enclose $ _____

Name _____

Address _____

City _____ State _____

Features: Powerful receiver with 7 tubes, has 3 built-in antennas, heavy duty 6" speaker, panel lighting, precision slide rule tuning, phono jack. Headset jack with automatic speaker cut-out lets you listen without disturbing others. **Exclusive squelch control** eliminates noise and interference. Complete instruction manual. 6" x 12" x 6". Weighs 7 pounds. Shipped in hermetically sealed plastic in shockproof carton. Postage Paid.

Iron-Clad Money Back GUARANTEE

We know you will be completely pleased with the Air-O-Ear Aircraft Receiver but you still have a 10-day money-back return privilege with no questions asked.

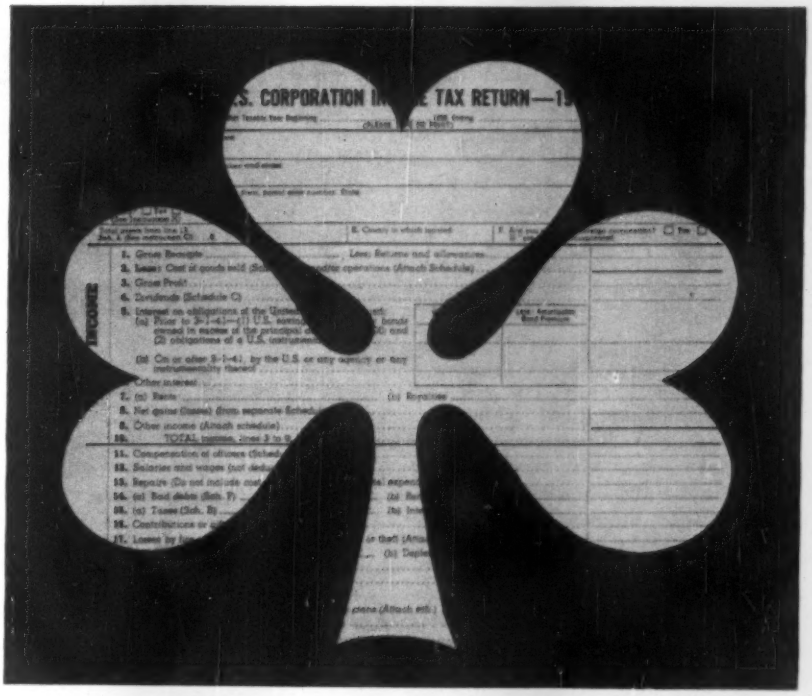
first step: $100 million for Chile's earthquake-torn areas; $400 million to be put on deposit up to 30 years in the new Inter-American Development Bank for use in land and educational reforms; $100 million reserved for ICA (International Cooperation Administration) aid to needy areas.

This is only the beginning. Under discussion are low-cost, long-term development loans and fresh infusions of private capital to beef up industry and broaden road systems, public utilities and communication networks.

- Down in Peru, $2 million has been appropriated by the Development Loan Fund to set up a consumer savings and loan system. A team of American home financing experts is helping the Peruvians to draft legislation and set up proper techniques. Similar studies are planned for Chile, Guatemala, and other Central and South American countries. Ultimately, S&L systems are contemplated for Africa and the Far East.
- Elsewhere in Latin America, Mexico has taken control of the Mexican Light & Power Company, as well as the local assets of the American & Foreign Power Company, and the local subsidiary of the California Electric Power Company. But it was done by negotiation, not expropriation, and considerable sums have changed or will change hands. Despite Mexico's tight investment laws and her quiet but firm insistence on 51 per cent Mexican ownership in important industries, U.S. companies are heading south of the border in droves. Some 500 U.S. subsidiaries are already installed in this potentially large and currently profitable market.
- Canada, accounting for one dollar of every three invested abroad by U.S. business, continues to exert a strong pull on U.S. capital. By mid-1960 the net inflow of funds was $320 million, up $46 million over first-half 1959.

To calm Canadian worry about heavy "foreign" (U.S.) ownership of its industries, some U.S. companies are making shares in their Canadian subsidiaries available to Canadians.

- Denmark has a new corporate tax law, streamlining a previously complicated tax structure. Corporate tax rates on profits have a floor of 22 per cent and a ceiling of 44 per cent—one of the lowest in Europe. And there are other inducements to lure U.S. and other companies to this country, an EFTA member. For de-



HOW TO MAKE TAX FREE PROFITS

When you locate your overseas plant in Ireland you receive *ten years exemption** from income tax on export profits plus five years reduced taxation. This is only *one* of the many advantages you receive when you manufacture in Ireland for sale to rich, fast-growing European markets. Outright, non-repayable *cash grants* help you build your factory (up to 100% of cost), equip it with machinery (up to 50% of cost) and train your workers (up to 100% of cost)!

Other incentives include preferential treatment for your products in many countries, reasonable wage scales (about a third of those paid in the U.S.), ample power, and a plentiful supply of *interested*, intelligent labor.

Write today for details of the many profitable incentives offered when you locate in Ireland!

**23 year exemption in Shannon Free Airport area.*

IRISH INDUSTRIAL DEVELOPMENT AUTHORITY

405 Lexington Avenue, New York 17, N.Y.
Telephone: OXford 7-0848

tails, write to Anker Hansen, Industrial Attache, Consulate General of Denmark, 18 East 48th Street, New York 17, N.Y.

• Morocco, worried about a bad business slump, is now offering investors a 20 per cent cash bonus on capital invested in any new enterprise in the Tangier area. As a plus, investors will also be eligible for long term government loans equal to 20 per cent of fresh capital invested.

Back-to-School Movement

Advanced management training is another new U.S. export. Recently opened in São Paulo is a Management Center for Brazilian executives sponsored by the International Management Association, New York. The courses will be available to management groups in São Paulo and other Brazilian cities. Says IMA's president, Frederic Pamp, Jr., "Once you get these student executives talking and exchanging ideas, there's no stopping them."

European junior executives are gravitating these days to the Institut pour l'Étude des Méthodes de Direction de l'Enterprise at Lausanne, Switzerland, to learn the intricacies of international business as it applies to the "middle management" group. Newly appointed head of IEMDE is Thomas Ashley Graves, Jr., ex-assistant Dean of the Harvard Graduate School of Business Administration. Meanwhile, on the domestic scene, New York's Columbia University plans to expand its six-week management training program for junior executives in international operations. On the docket are seminars covering Western Europe and possibly Asia, as a follow-up to the initial Latin American study.

Worth Looking Into

In case the recent eruption of new nations and federations on the African scene has confused your geography, the September 1960 issue of *National Geographic* has a most useful supplement: an atlas map of Africa. If you want to know something more about Nigeria, Ghana, and Sierre Leone as markets (they comprise 18 per cent of Africa's teeming population), write for a copy of *Market Development in West Africa* to the West African Newspapers Ltd., 2-3 Hind Court, Fleet Street, London E.C. 4. This colorful, graphic and well-organized study is full of facts.

Another slick-paper brochure, this one on Northern Ireland, gives four good reasons for establishing a branch plant in Northern Ireland, with its easy access to the United Kingdom, the Sterling Area, and the EFTA. It's available from the British Industrial Development Office, British Consulate General, 99 Park Avenue, New York 16, N.Y.

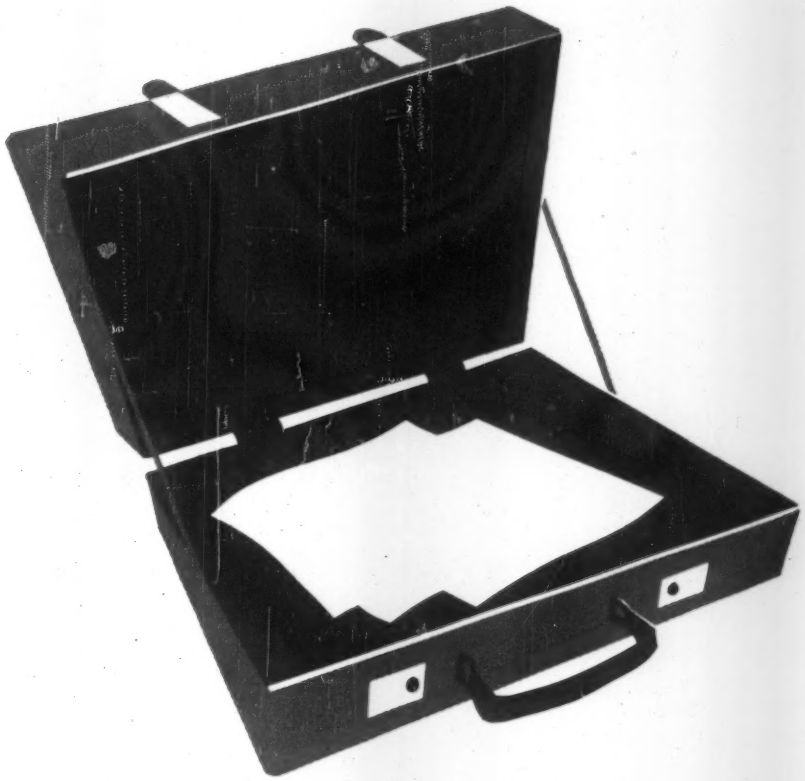
And if you are looking for a business base in the Inner Six (the EEC), the Belgian Industrial Information Service tells you in 80 pages of graphic and colorful detail why Belgium is the ideal center for an overseas plant. Under licensing agreements or direct subsidiary plant investments, more than 300 U.S. firms, including many famous names, are now successfully *Reaching New Markets from a Business Base in Belgium*. For a copy of this brochure write to Belgian Consulate General, 630 Fifth Avenue, New York 20, N.Y.

—ALEXANDER O. STANLEY

For PEPSI-COLA... better offices by design with DORIC

newest office furniture by CORRY JAMESTOWN

Consider the enduring quality of clean, contemporary styling in the exciting new DORIC line which graces the offices of Pepsi-Cola's new world headquarters in New York City. Then send for our colorful new DORIC catalog to discover how beautifully the graceful line of DORIC can be used to enhance the appearance and working utility of your own offices. For a free copy, write to: Corry Jamestown Corporation, Department D-11, Corry, Pennsylvania. *The American Institute of Decorators presented DORIC with a 1960 Award of Merit for design achievement.*



Today's low-cost way to automate your job costing is with Keysort Data Processing

For strict job costing controls at every stage of operation—for any number of up-to-the-minute management reports in such areas as inventory, order and sales analysis, labor costing—Keysort is the data processing system to use.

The reasons are many. No restrictive procedures; minimum training; remarkable economy; simplicity of installation and operation.

Keysort, in fact, is the only automated data processing system flexible enough to fit your business as it stands *and* as it grows. It is the one system adaptable and affordable to companies of every size.

With Keysort you use punched cards—mechanically created for fast, easy sorting. Figures are automatically tabulated and results summarized direct to reports without transcribing.

Result: Keysort automates your data processing to give you the meaningful on-time information you need for complete control of your business and profits. Monthly, weekly, daily. And at truly low cost.

Your nearby Royal McBee Data Processing Systems Representative has had a wealth of experience in solving management control problems. Working with you, with your systems and procedures experts, he can offer helpful advice about a low-cost Keysort system tailored to your individual requirements. Call him, or write us at Port Chester, N. Y. – indicating the applications in which you are interested—and we will be happy to send you actual case histories from our files.

ROYAL McBEE · *data processing division*

NEW CONCEPTS IN PRACTICAL OFFICE AUTOMATION

"With the financing plan Heller devised for us, our 'growing pains' stopped, and sales upped 70%"

says Ashley Ward Jr., President, Ward Mfg. Co., Cincinnati, makers of Nimrod Campers

"Next to having too few sales, the great business heart-breaker is having too many. When you must cut your sales to fit your capital, you know you're not profiting as you might, and, worse, you know you're inviting competition," says Mr. Ward.

"I understood how Heller's financial services help a company find sales where none were before. *But our problem was just the reverse.* Our ultimate consumer sales through dealers were seasonal. We couldn't afford to manufacture and distribute the Nimrod Campers pre-season. We simply could not afford to sell our potential sales volume."

"Heller developed a financing plan that fits our needs just as Nimrod Campers fit the vacationer's needs. Among other gains, we quickly increased our sales volume 70% with Heller, and this only indicates what Heller and we can do from here on."

In most instances, Heller financing service is used to telescope time. Instead of waiting for transactions to conclude, and cash to return the slow way, Heller makes it possible to re-use money rapidly, over and over. More sales volume is generated, and profits multiply. Our clients will tell you that Heller advice on the techniques of using money is often as valuable as the money itself.

For your own information, you should know the latest techniques for using money, outlined in our newest booklet, "Financing Business Action Under Today's Conditions." Why not write for your copy? There's no obligation whatever.

One billion dollars annually for industry

WORKING FUNDS FOR INDUSTRY

Write Dept. DR-11

Walter E. Heller & Company

103 W. Adams Street, Chicago 90 • 342 Madison Ave., New York 17
Fulton National Bank Building, Atlanta 3
Walter E. Heller & Co., of California 849 S. Broadway, Los Angeles 14

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

Movers and Shakers

THE GREAT ORGANIZERS *by Ernest Dale. McGraw-Hill Book Company, 330 West 42nd St., New York 36. 270 pages, $5.95.*

A revealing, often inspiring exploration of personal leadership and organization in four great companies, supplemented by a stimulating look at management theory.

Why Freedom Isn't Free

THE COST OF FREEDOM *by Henry C. Wallich. Harper & Brothers, 49 East 33rd St., New York 16. 172 pages, $3.75*

The author, a member of the President's Council of Economic Advisers, argues persuasively that the benefits of a free enterprise society are had only at a price, and that eradicating economic inequalities could mean annihilating our freedom and our economic dynamism as well.

The Big, Big Picture

DYNAMIC MANAGEMENT IN INDUSTRY *by Raymond Villers. Prentice-Hall, Inc., Englewood Cliffs, N.J. 500 pages, $10.*

Massive, methodical, and closely reasoned, this treatise on the art of successful administration stresses flexibility, responsiveness to change, and sophisticated techniques of planning and control.

Too Much Temptation?

THE OPERATORS *by Frank Gibney. Harper & Brothers, 49 East 33rd St., New York 16. 284 pages, $3.95.*

Personal integrity is fast on its way to joining the dodo in oblivion, if you accept this chilling indictment of financial morality in our "Genial Society." The author piles up for a formidable heap of cases to prove that expense accounts and high taxes are just too much for too many of us.

Beyond Marx and Mayo

INDUSTRIALISM AND INDUSTRIAL MAN *by Clark Kerr, John T. Dunlop, Frederick Harbison and Charles A. Myers. Harvard University Press, Cambridge, Mass. 314 pages, $6.*

Four leading labor economists put the problems of organizing human effort in genuinely global perspective. Readers willing to wade through marshy prose will be rewarded by some important insights.

GROUP WASH FIXTURES SAVE MONEY 3 WAYS!
Bradley design means more washing facilities in less space, and a new kind of uncluttered, sanitary look with both real and esthetic values.
Using Bradley fixtures is a pleasure. Washfountains are foot-controlled—no need to touch soapy, dirty or spring faucets.
Bradleys save on first cost (one 54" Washfountain eliminates 8 to 10 basins), operating costs (8 to 10 persons can wash with the same amount of water used by 2 or 3 basins), and installation costs (one set of pipes replaces 8 to 10 sets). Maintenance is far easier also. One bowl instead of ten, one sprayhead instead of 20 faucets!
Write for New Catalog 6004. Bradley Washfountain Company, 2283 West Michigan Street, Milwaukee 1, Wisconsin.
Bradley Fixtures are carefully engineered to give you economies in washroom design, use and maintenance.
BRADLEY
washfountains
Bradley

Panama-Beaver

Carbon papers
Inked ribbons
Unimasters

Coast to Coast Distribution

MANIFOLD SUPPLIES CO.
Brooklyn, New York

WHAT KIND OF VISUAL SALES JOB DO YOU HAVE IN MIND?

We have automatic projectors for point of sale and trade shows. We have desk top viewers for both slides and film strips—with or without sound, designed with your salesmen in mind.

For information, write Dept. D-11
TEL-A-STORY, INC., Davenport, Iowa

(What's wrong with this picture?)

Is your secretary better equipped than your professional engineer-draftsmen?

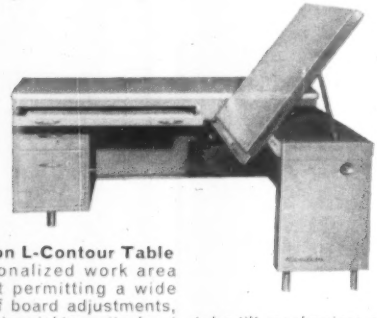
She deserves the best, bless her, and often gets it—but your *skilled draftsmen*, too, need today's tools to cope with today's requirements.

Your draftsmen, your productivity, deserve new Hamilton space-and-time-saving equipment—from Bruning

Time and space are raw materials—this new *engineered* Hamilton equipment gives time and space new dimensions, new breadth—can pay for itself quickly in increased efficiencies, accuracy, health, personal comfort, and heightened morale. The products illustrated are representative of the newness and range of the Hamilton line.

Even your most efficient and productive men-on-the-boards achieve greater productivity with high-quality, professionally designed equipment. Our highly experienced planning engineers will be helpful to you and your supervisory personnel—help plan the best arrangements for your individual requirements—without obligation.

Hamilton De Luxe Auto-Shift Table
Completely functional features combined with modern styling, to create exceptional efficiency. Because this unit sharply reduces fatigue, it helps you achieve highest quality and peak production. Fully seasoned drawing surface, adjustable to individual height and slope requirements. Quick, easy adjustments. Many features, creating ideal conditions for each individual job. Exceptionally durable, handsome in appearance.



Hamilton L-Contour Table
A personalized work area concept permitting a wide range of board adjustments, from horizontal to vertical, yet provides considerable storage area and occupies small space. Single support torque tube tilt mechanism provides stable, perfect balance of the durable seasoned working surface.

Hamilton CL 100 Series
Entirely new, canted-leg styling assures stability without side crossrails. Strata-Core board, with green linoleum surface, both sides steel edged; tilts 0° to 40°. Fully adjustable recessed footrest; steel reference, tool, and catalog drawers. Other fine features, superb styling in light Sahara-Tan finish, satin-chrome hardware.

Put draftsmen in a "position" to do better, faster work!

Bruning's all-new Neoglide drafters literally help draftsmen straighten up and do faster, better work.* They provide complete maneuverability on any board at any angle without adjustment! Reinforced U-beam construction assures rigidity, strength, and accuracy. Resistance-free movement of vertical beam and hidden counterweight provide fast "floating" action. Touch-control protractor head gives automatic, pinpoint angle selection.

*Study of 300 draftsmen showed 35% savings in drawing time—1/5 the backaches—on vertical or near vertical boards.

BRUNING

CHARLES BRUNING CO., INC.
1800 CENTRAL RD., MT. PROSPECT, ILLINOIS

Sales & Distribution

New retailing technique grows at a rapid pace behind closed doors.

Small town goes under the microscope to help the sale of new cars.

MANUFACTURERS of many consumer products are now looking toward a new form of retailing that seems to be sweeping the nation. From Rhode Island to Hawaii, discount stores are enjoying a booming business behind closed doors that open only for card-carrying customers, who even pay a membership fee and annual dues just for the privilege of shopping.

A refinement of the discount houses that started in business just before the war, the closed-door store first appeared in California at the beginning of the 1950's, and spread to the East only in the past year or two. A recent survey by the National Retail Merchants Association shows that 28 states already have them. Plans are under way for new stores in many areas where none now exist. Estimates point to a total of about 80 stores at present, and more are opening each month.

The 36 closed-door discount stores that make up the National Association of Consumer Organizations expect to do about $250 million this year for a gain of 50 per cent over the 1959 volume. Through the addition of more stores and increased volume, the NACO stores expect to swell their sales by 50 per cent again next year. These 36 stores report a total of 1.3 million active memberships, which represent nearly 5 million customers when the membership is applied to the entire family.

Closed-door stores gather almost every variety of retailing under one roof. In addition to appliances, household goods, hardware, garden supplies, apparel, jewelry and cameras, the stores sell food, auto supplies, gasoline, and even automobiles and pleasure boats. Virtually all the recently constructed units, and those on the drawing boards, include a supermarket. Some are adding prescription drugs as well as insurance.

The closed-door store is unusual in that it does little or no advertising in local newspapers. Some stores have run into difficulty in buying space in local newspapers which were sensitive to the feelings of long-time department store advertisers. But generally, the closed-door stores themselves shy away from newspaper advertisements. Instead, they rely on the pulling power of monthly house organs, which are mailed to members.

As well as descriptions of merchandise for sale, these publications carry editorial material of interest to the special groups served. This helps to build customer loyalty and identify the stores' interests with those of their

PX FOR CIVILIANS, *the closed-door discount store, such as G. E. M. Inc. (Government Employees Mart) in Alexandria, Va., is described by its promoters as the next big step in retailing. The stores in which customers pay for the privilege of shopping offer a new fast-growing method of distribution to manufacturers of many different kinds of consumer goods.*

information about

Peoria

for industrial site seekers

Heart of a 13-county market area, Peoria is in the center of Mid-America's billion dollar market. Exceptionally fine transportation facilities make all parts of the nation easily accessible from Peoria. It's the 62nd largest industrial center in the United States, serving a trading area population of 3/4 million people. Located on the Illinois River, Peoria offers an abundant water supply for industrial and consumer use.

The Rock Island has many choice industrial sites available in Peoria and other Illinois cities. If the following information on Peoria interests you, get in touch with us for more specific details. We'll work with you in strictest confidence.

LABOR: Skilled labor force of 119,025 available in Peoria; increase in employment of 12.8% in 10 years; average education ninth and tenth grade.

POWER: Two generating stations with a capability of 460,000 KW; 135,000 MCF peak day capacity of natural gas with 30,000 MCF propane standby.

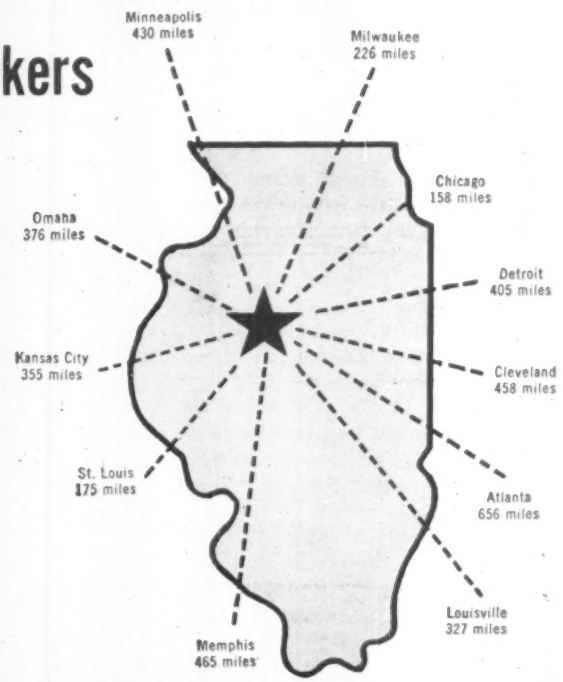
TRANSPORTATION: The Rock Island and 14 other railroads; 30 interstate truck lines; 115 local truckers; 2 airlines; 4 interstate bus lines; 4 local bus lines.

HOUSING: 25,229 building permits issued in Peoria County between 1951 and 1959; 81 subdivisions under construction or ready to be started in spring of 1961; average sale property value $15,000-$16,000; average rental $25 per room per month unfurnished; local preliminary study being made on urban renewal programs.

THE COMMUNITY: 141 elementary and high schools in the metropolitan area with a total enrollment of 63,697; approximately 27 students per classroom; a community center and 6 parks covering 2,012 acres; 3 colleges and universities; 4 hospitals staffed by 196 doctors.

COMMERCIAL SERVICES: 2,734 retail outlets; 302 wholesale outlets; 319 plants; 15 contractors for new plant construction.

CLIMATE: Average mean temperature is 51.5° F.; average monthly rainfall 2.13" (25" average annual rainfall).



The man who knows Peoria industrial sites like the back of his hand is Everett R. Stout, Rock Island's General Agent in Peoria. Mr. Stout and his staff are typical of Rock Island specialized personnel who, during the past three years, have helped locate over a billion dollars of private industry along Rock Island tracks. He can help you find just the spot you need. For full details, write, wire, or phone Everett R. Stout, Rock Island Station, Peoria 2, or Industrial Department 159, Rock Island Lines, Chicago 5.

Rock Island

ROCK ISLAND LINES

The railroad of planned progress . . . geared to the nation's future

clientele: A store with a large membership among Federal employees, for example, goes heavy on news and features about Government work.

Total promotional expenses usually run about 1 per cent of sales and rarely exceed 3 per cent. Unlike most discount houses, many closed-door stores don't stress discounts from national "list prices" in their promotional material.

The basic appeal of the closed-door store has been its claim to the lowest prices in the community. Unlike many of the regular discount houses that dot the highways in the East, the closed-door store doesn't concentrate on sensational price slashes on discontinued lines and other "hot" items. Instead, it carries a full line of most standard items, such as appliances, carries no irregulars or close-outs, and doesn't run special sales.

Since many shoppers for large-ticket items shop several stores for the best price before making a purchase, a store which has the committed confidence of a sizable segment of the population is a long step ahead of the competition.

Although many closed-door discounters boast quasi-official names such as Gov-Mart and Fedway, set up customer advisory councils to represent the membership, and issue promotional material reminiscent of consumers cooperatives, the stores are profit-making enterprises. One store that went too far in creating an aura of public service and non-profit operations was pulled up sharp by the Federal Trade Commission.

In addition to the price appeal, there is another reason—probably equally important—for the swift rise of these retailers. While the membership card ties the customer to the store, it also gives him a feeling of being one of an in-group that is gaining a special advantage. (The first closed-door stores were, in fact, started by their members, though this practice is no longer common.) Says Joseph A. Marcus, vice-president of G. E. M., Inc., of Alexandria, Va., (estimated membership 100,000): "Americans love to belong. However smug it may sound, they enjoy realizing their neighbors can't belong. It's the country club concept."

According to a spokesman for the NRMA, the appeal to exclusiveness that the closed-door discounter is presumed to make may not be all it appears. Some California stores, for example, accept for membership any defense employee, those in heavily industrialized areas take union members, while those near Washington, D.C. enroll Government employees, thus pretty much blanketing the com-

RECENTLY OPENED: *Lloyd Shopping Center, Portland, Ore., is not only the largest in the nation, but, more significantly, it is the first to be built near the downtown center of a major city. Only a mile and a half from downtown, the center, which contains 100 stores, is a new approach to urban renewal.*

WE'RE IN BUSINESS FOR YOUR HEALTH...

...and your employees' health. Doctors estimate that 1 in 4 of your employees (whether key executives, skilled workers, experienced secretaries or valued clerks) will develop cancer at some time in their lives. What is worse, many of them may die *needlessly*, unless they know how to guard themselves against cancer.

To help save their lives, call or write our nearest office for information about a free employee education program, geared to your particular factory or office.

AMERICAN CANCER SOCIETY®

HEAR
THE BIG DIFFERENCE

...then let your ears decide!

Only $179.95
Federal Tax Included

STENOTAPE
GELOSO

dictating-transcribing-conference machine

LET YOUR EARS OPEN YOUR EYES TO THESE SPECIAL STENOTAPE FEATURES:

SELF-LOADING...exclusive automatic "self-load" reel.
SENSITIVE...hears every word in a 20 x 20 conference room.
LIGHT...only 6½ pounds; carries in its own handsome attache case.
VERSATILE...records everything with high fidelity: conferences, interviews, phone calls, dictation, even music.
ECONOMICAL...2 hours endlessly re-usable magnetic tape.
ERROR-FREE...erase and correct at will, never by accident.
MOBILE...use it anywhere: at the office, at home, in cars, in trains, even in planes.
TROUBLE-FREE...exclusive one year guarantee.
PROVEN...used by half a million business leaders and professional men around the world.
SERVICED...backed by authorized dealers and service coast to coast.

Never a grunt, a growl, a groan. And never a missed word. Whisper! Shout! Pace the floor! StenOtape picks up every nuance of your voice with absolute fidelity. Then watch your secretary's joy as she transcribes from StenOtape. See her fingers fly across the typewriter without the slightest pause, the smallest puzzlement. Go out—and let StenOtape do the talking! Return—and the work is done! That's sound reproduction with a difference. That's StenOtape...the recording-transcribing machine that has the clearest "voice" you've ever heard!

FREE FACTS BOOK. For complete information about all dictating equipment, read "The Facts About Dictating Machines." Includes an independent survey among secretaries disclosing what they look for.

FREE OFFER
THE FACTS ABOUT DICTATING MACHINES

MAIL THIS COUPON NOW
AMERICAN GELOSO ELECTRONICS, INC.
251 Park Ave. So., N.Y. 10, N.Y., Dept. No. 123

Please RUSH, without obligation, free 16-page book, "The Facts About Dictating Machines."
Please call _____ for an appointment.
(Phone number)

Name_____

Address_____

City_____ Zone_____ State_____

munity. And, of course, many stores also allow members to bring in guests as well as family members.

As they have striven to boost volume, many of the stores have extended membership opportunities to more and more special groups. A few stores will take anyone who can present a Social Security card.

Of course, to become a member it is not enough to belong to the chosen group; the stores require a membership fee of $2 or $3, as well as yearly dues of a lesser amount.

Most of the stores surveyed by the NRMA, though, strictly check customers for their cards and refuse to admit anyone without one. In some stores, customers must sign in. Most of the stores enforce the closed-door policy firmly, since they insist that it is not just a promotional gimmick but is really the fulcrum of the entire operation.

The operators of membership stores point to several specifics that make it possible for them to offer consistently low prices:

- Unmatched customer loyalty—membership binds the customer to the store. Merchandising is more economical, since tastes are frequently similar. By being able to act as purchasing agent for a stable group of steady customers, the closed-door retailer is able to plan his buying more precisely, and doesn't have to stock goods that may or may not appeal to varied groups throughout the community. As a result, there is a sub-

WEEK-END WORK *of top executives of the Glidden Company, Cleveland, is being done on the sales firing line. Dwight P. Joyce, chairman and president, performs a sales demonstration at one of the fifteen paint stores visited during special effort to boost sales in the face of lower profit margins.*

This new National Yellow Pages Service lets us sell our prospects when they're ready to buy ...and it's commissionable!

TELL ME MORE!

Acct. Exec.: Well, when our prospects look in the Yellow Pages, they're not looking for entertainment as in other media. They're ready to *buy*—our product or one of our competitors'. Now we can *sell* them right at this moment of decision.

ACCT. SUPV.: Fine. But how?

Acct. Exec.: New National Yellow Pages Service lets us put solid selling display ads in any combination of 4,000 directories across the country . . . ads that tie right in with our national consumer campaign.

ACCT. SUPV.: You mean, we can tell them *why* to buy—as well as *where?*

Acct. Exec.: Exactly! Sell them—and send them directly to our nearest outlet.

ACCT. SUPV.: How about all the paper work involved in buying the hundreds of directories we'd need?

Acct. Exec.: No problem. NYPS handles the whole thing with just *one* contact and *one* contract. One monthly bill, too.

ACCT. SUPV.: What was that you said about commissionable?

Acct. Exec.: It's true. The space is subject to agency commission.

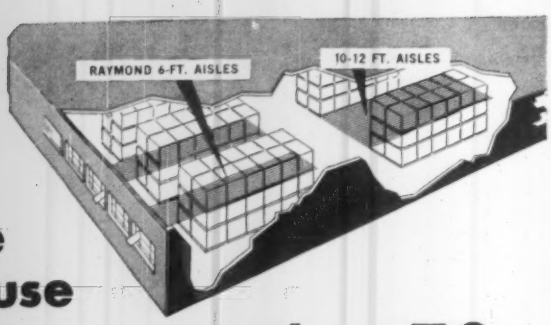
ACCT. SUPV.: I'm sold. And I think the client will buy it.

Acct. Exec.: It's so sound he can't afford not to!

NEW NATIONAL YELLOW PAGES SERVICE

ONE CONTACT
ONE CONTRACT
ONE MONTHLY BILL

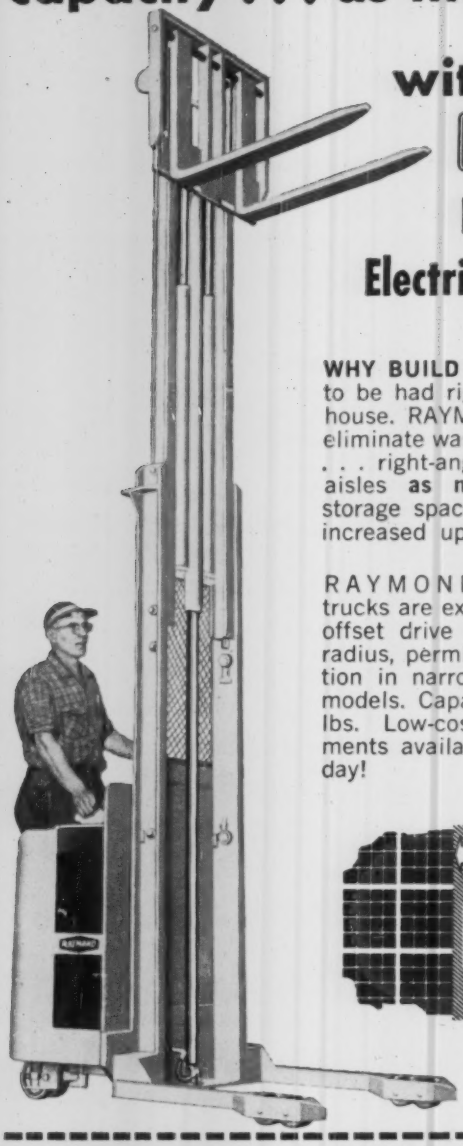
For details contact your NYPS representative through your Bell Telephone office.



Increase warehouse capacity . . . as much as 50% with

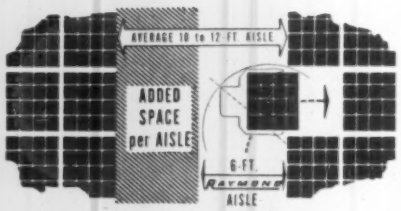
RAYMOND®

NARROW AISLE Electric Tiering Trucks



WHY BUILD OR RENT! There's space to be had right in your present warehouse. RAYMOND narrow aisle trucks eliminate wasteful 10 and 12 foot aisles . . . right-angle tier pallet loads from aisles **as narrow as 6 feet!** More storage space is gained . . . capacity increased up to 50%.

RAYMOND electric straddle type trucks are extremely compact, have an offset drive wheel with 200° turning radius, permitting close-quarter operation in narrow aisles. 12 and 24 volt models. Capacities: 2,000, 3,000, 4,000 lbs. Low-cost lease/rental arrangements available. Send for bulletin today!



( ) Please send electric truck bulletin

( ) Please send information about lease/rental plan

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stantial savings in the avoidance of markdowns—a heavy expense for traditional retailers.

- The membership list, which is an economically produced yet unexcelled prospect list, since it contains the names of people who have demonstrated their interest in buying to the extent of paying for the privilege.
- The substantial addition to working capital through the collection of membership fees and dues.
- Low rent in locations that need not be high-traffic or fashionable.
- The fact that prices do not reflect hidden charges for credit, delivery. When such services are requested, extra charges are made.
- Important savings as the result of substantially reduced credit losses, bad checks, and shoplifting.

The rapid growth of the closed-door store and its competitive effect on department stores and specialty shops spurred the NRMA to conduct the nationwide survey of these new retailers. Traditional retailers can now plan to meet the competition, which in some areas has been so severe that department stores have actually dropped lines that are being handled more effectively by the closed-door stores.

The competitive squeeze from the closed-door stores is being felt in other ways. For instance, in St. Louis, a large department store has included an illustration of a cat and a skunk in its advertisements with this copy: "You can tell a cat by his stripe, just as you can tell a bargain from a discount deal . . . Here you pay no registration fee; you need no card. Regardless of where you are employed or whom you know, you can take advantage of everyday low prices."

Fords for Flora

The automobile industry has never been known for reticence in promotional events. New models are usually brought forth in an atmosphere suggestive of the launching of a rocket to the moon. This year, however, toughening competition has led at least one major producer to combine a strong measure of everyday practicality with its new model launching.

In one of the most unusual promotions ever, the Ford Motor Company this fall gave every car and truck owner in the town of Flora, Ill. (pop. 6,000) the free use of a new 1961 model for an entire week. Before the

EXTENSIVE TESTING IN ACTUAL FLEET USE

PROVES '61 LARK PERFORMABILITY

THIS IS WHAT FLEET DRIVERS SAY–

"Immediate response to acceleration"
"Good hill climbing"
"Very little steering effort on twisting mountain roads"
"Good solid feeling . . . no squeaks or rattles"
"Excellent maneuverability and directional stability"
"Easy to get in and out of"
"Good headroom"
"Parks easily"
"Good in traffic, and stop-and-start driving"

MILEAGE 22% BETTER–OIL CONSUMPTION ZERO

Certified by United States Testing Company

These are actual comments from men who drove the '61 Lark in four large blue-chip fleets. They averaged 304 miles per man, on their regular routes.

Their reports cover the new 112 HP Skybolt Six engine (20-25% better mileage), new suspension and steering (30% easier), new bonded brakes (up to 100% longer wear). But there are over 50 improvements in all contributing to '61 Lark Performability. *You have to drive it to believe it!* Phone your Lark dealer right now for a test on the road. And for full Fleet information, send this coupon to Studebaker!

THE '61 LARK BY STUDEBAKER

PS: The best trucks for your business are built by Studebaker—½ to 2 Tons heavy duty!

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Read the brief descriptions of BNA's authoritative labor relations reports below, and then check the coupon for additional information

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2. LABOR RELATIONS REPORTER—The "Granddaddy" of all labor reports, constantly cited as authority. Over 100 bound and loose-leaf volumes give full-text coverage on Labor Relations, State Laws, Wages and Hours, and Labor Arbitration.

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4. LABOR RELATIONS EXPEDITER—A one-volume looseleaf deskbook for quick reference and professional use on all major topics in the field of labor relations. Full discussions of leading cases, rules and doctrines. Text of labor laws, regulations, and forms.

5. LABOR POLICY & PRACTICE—A practical, common-sense guide to successful employee relations, covering the fields of Labor Relations, Wages & Hours, Personnel Management, and Pay Policies. Six binders contain thousands of case histories and examples of board and court decisions, arbitration awards, and collective bargaining. Non-technical, easy to read.

6. COLLECTIVE BARGAINING NEGOTIATIONS & CONTRACTS—Exhaustive coverage of wage rates and data, and cost-of-living figures; bargaining issues, demands, counter-proposals, and settlements; strategy, techniques, industry facts and figures. Thousands of current contract clauses quoted and analyzed for basic patterns. In two volumes.

7. SERVICES LABOR REPORT—Weekly report on union-management activities in service industries field of hotels, restaurants, laundries, building services, in-plant feeding and other catering, taxicab companies, cleaning and dyeing chains.

8. WHITE COLLAR REPORT—Weekly report covering employee-management relations of clerical, technical, scientific, professional, and white-collar workers.

9. RETAIL LABOR REPORT—Weekly report exclusively designed for retail field. Tailor-made for management and unions in retail stores, food and drug chains.

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1 2 3 4 5 6 7 8 9 10

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Organization_____

Address_____

City_____ Zone_____ State_____

d-11

announcement of the week-long car loan, the residents were asked to indicate what type of car and accessories they would buy if they actually planned a purchase. Each was given the one he specified.

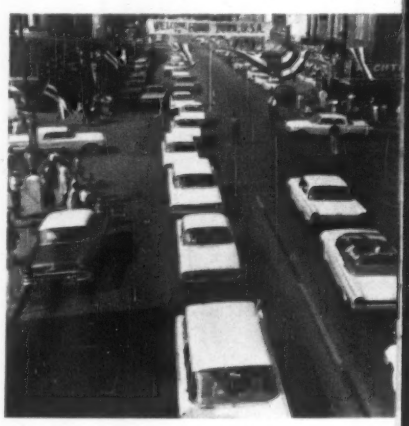
Originally conceived as a massive on-the-spot market research project, the program also included introducing the new models to the press. Media representatives came to Flora from throughout the nation to see the cars in action in a typical small town.

A team of 40 interviewers roamed the city, asking each of the car and truck owners a long list of questions both before and after they had driven the vehicles for a week.

In addition to these survey findings, every available fact about the city and its residents (from U. S. Census sources and others) was fed into a giant computer installed in a glass-fronted "information center" across from the city hall.

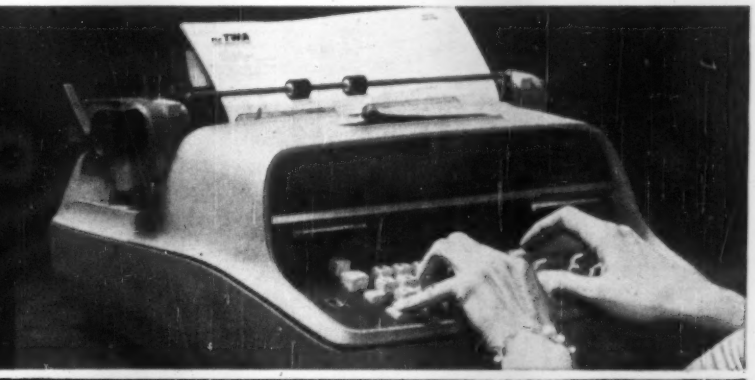
The result may well be the most extensive market analysis of a city ever undertaken. Says George H. Brown, Ford Division market research manager: "To the best of my knowledge, never before has the introduction of a new car been studied with such searching thoroughness."

Despite parking problems, having about 1,600 extra vehicles on the streets had its positive side for the city fathers. Says the president of the local Chamber of Commerce: "Any knowledge we gain toward meeting the future transportation needs of our community will help us attract new industries to Flora." —T.K.



FORDS GO BY—*1,600 of them—in an unusual promotion stunt in which the residents of Flora, Ill. were given new cars or trucks to use for a week.*

write
it once...



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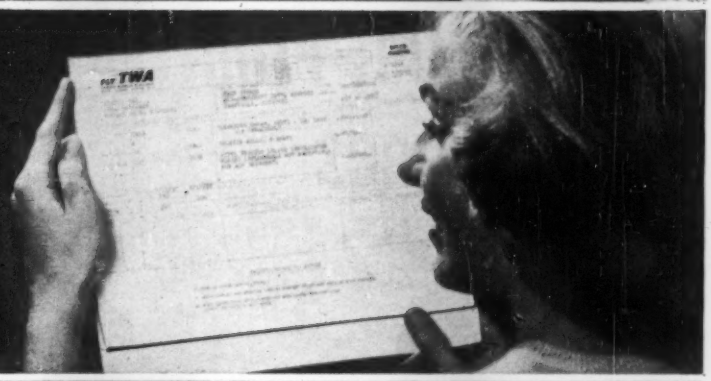

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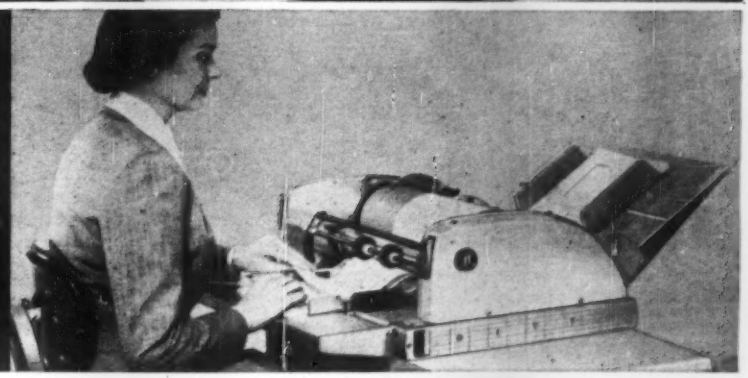

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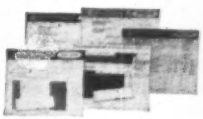

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Convair 540s undergoing modification with Napier Jet-Prop engines at AiResearch Aviation Service, the most experienced company in the modification of pressurized aircraft.

AiResearch Aviation Service converts Convair 340s and 440s into high performance airliners and executive aircraft with Napier Jet-Prop engines specifically designed for the Convair 540.

With over-weather cruising speed of 326 mph and payload (range capacity of 60 passengers for 800 miles or 10 executives transcontinental nonstop), the Napier Jet-Prop 540 provides a smoother ride at greatly reduced noise levels and improves economy of operation in airline or business transport.

An AiResearch auxiliary gas turbine installation (optional equipment) makes the Convair 540 self-sufficient on any landing strip. The on-board unit provides complete engine starting and all power for ground air conditioning and preflight checkout.

Installation of the 3500 eshp Napier "Eland 504" Jet-Prop engines with four-bladed propellers includes structural modification to engine nacelles, new instrumentation, and electronic and radio system modification in minimum down time.

Conversion of Convair 340s and 440s to Napier-powered Jet-Prop 540s is performed exclusively at AiResearch Aviation Service, the most experienced company in the modification of Convair 240s, 340s and 440s into executive aircraft and luxury airliners.

Employing more than 600 of the most highly trained and experienced engineers, technicians and craftsmen in the industry, AiResearch performs all design, engineering, fabrication and installation work in one location to meet the conversion, modification, maintenance and overhaul requirements of any aircraft.

Write, wire or telephone today for complete information regarding your Convair 540 conversion with Napier Jet-Prop engines.

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International Airport, Los Angeles, Calif. / Telephone: ORegon 8-6161

Capital Views & Previews

PAUL WOOTON

A fresh perspective on our economic ties with Latin America

Thomas C. Mann, Assistant Secretary of State for Inter-American Affairs.

IN THE critical situation that has developed south of our borders, the Government has put a highly qualified man in immediate charge of the effort to hold this hemisphere together politically and strengthen the Latin American countries economically. He is Thomas C. Mann, a career foreign service officer.

Mann has been dealing with Latin America all his life. His understanding of the problems of the republics south of the Rio Grande has impressed officials throughout the hemisphere with the acumen of our new Assistant Secretary of State for Inter-American Affairs.

At the top of his list of the "specific and concrete" measures that should be helpful, Mann puts the program of the Inter-American Development Bank which began operations October 1. Its objective is "to accelerate economic development by lending its own capital and promoting the investment of other capital, public and private." A novel feature is to provide technical assistance in preparing plans for the financing and execution of improvements. Other items on Mann's list of spurs to hemispheric development are:

- Export-import loans
- International Monetary Fund loans
- International Bank loans
- Development Loan Fund
- Support for establishment of common markets
- Stabilizing the prices of Latin American products
- Restrictions on some U. S. exports, to protect infant Latin American industries
- Aid on balance-of-payments problems and in controlling inflation
- Special emergency loans and grants
- Technical assistance
- Investment guarantees to encourage private capital to move into Latin America promptly.

"Although there are bright spots, Americans cannot be too optimistic about the progress we are making right now," Mann warns. "It will require large capital expenditures and a great deal of know-how to provide the employment needed to insure a satisfactory standard of living. Private capital must be relied upon to help substantially to that end.

"We need to identify ourselves more closely with Latin American aspirations," the assistant secretary says. "We must seek new and imaginative ways to make our cooperation more effective. Latin America is learning the importance of its bar-

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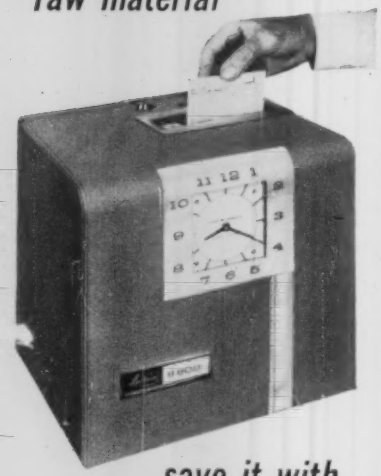

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gaining power in international organizations and the dependence of the United States on its raw materials and trade.

"For the first time the primary objectives of most Latin American countries are economic."

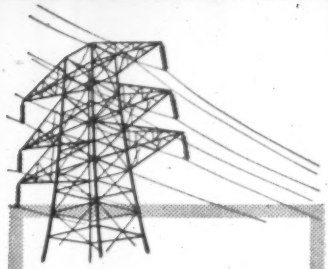
A program for growth

Mann has this suggestion for Latin America: Set an arbitrary goal for per capita income, such as doubling it in twenty years. "It then can be figured," he says, "how much production must be increased to achieve that goal. To get that amount of production, the capital expenditures necessary could then be estimated. Government, local and foreign, would be expected to supply the capital that would be required.

"Such a plan, however, would do more harm than good if the capital to produce the necessary employment is not forthcoming. It should be made clear that the United States cannot be expected to do the job alone. Most of all, it is necessary to impress on the country being aided that hard work and sacrifice on the part of the people would be imperative. Priorities in aid should be given countries with sound monetary policies and with wage earners who are willing to go all out in their cooperation.

"Our relations with Mexico were never better. It is setting an example in stability. Mexico's example has made a deep impression throughout South and Central America. But greater effort will have to be put forward if economic misunderstanding in Latin America is to be diminished. People in the United States frequently attach little importance to the frictions that develop with Latin American countries. On the other hand, Latin Americans often don't understand that deliberate efforts to distort the image of the United States are being made by small minorities, led by men with ulterior purposes in mind."

Mann says the United States will insist that American owners of confiscated property in Cuba be fully reimbursed, but it is recognized that this will take time—possibly until another regime takes over in Cuba. It will also require diplomatic handling, the veteran foreign service officer cautions, for big countries have to be careful in making demands on small countries, even when those demands are just. END



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

CUMULATIVE PREFERRED STOCK:

4.08% SERIES
Dividend No. 43
25½ cents per share;

4.24% SERIES
Dividend No. 20
26½ cents per share;

4.78% SERIES
Dividend No. 12
29⅞ cents per share;

4.88% SERIES
Dividend No. 52
30½ cents per share.

The above dividends are payable November 30, 1960, to stockholders of record November 5. *Checks will be mailed from the Company's office in Los Angeles, November 30.*

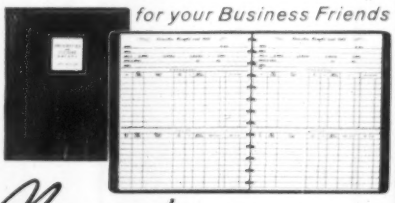
P. C. HALE, *Treasurer*

October 20, 1960

Edison

A New **"AT-A-GLANCE"®** *Gift*

for your Business Friends



Nascon's **SECURITIES AND INCOME RECORD**

Designed for both the small and large investor, the "At-A-Glance" Securities and Income Record lists details of purchase, sale and income record of each security on separate pages. Individual pages are included for summarizing capital gains or losses, annual income by quarters, Government Securities.

Fine simulated leather cover imprinted with your name or trademark, at no extra cost; recipient's name at a small extra cost. Wire-O or loose-leaf bound. Advertising pages can be included anywhere in contents. One of a complete line of smart gifts designed for **your** giving. Send for the 1961 Nascon "At-A-Glance" Catalog today.

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Continuous movement of foods, metal parts, ceramics or chemicals on Cambridge Belts through processing operations speeds production and eliminates costly manual handling. Open mesh construction allows heat, cold or liquids to flow through the belt and around the product for thorough, uniform treatment. Superior belt design and manufacturing techniques mean longer life, fewer repairs, lower operating costs.

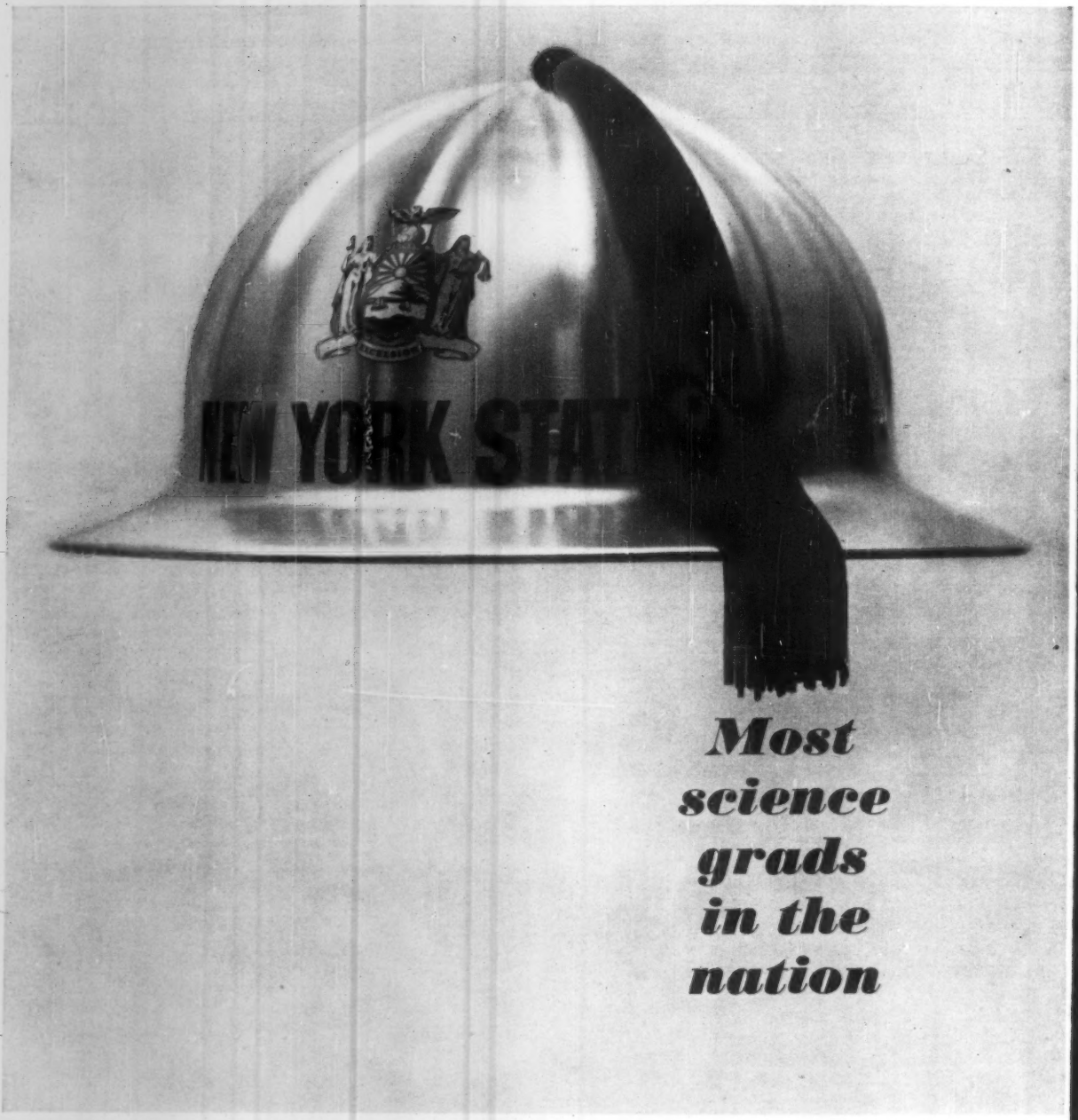
Belts can be made heatproof, coldproof or acidproof — in any mesh, weave, metal or alloy — with any side or surface attachments.

Have your Engineering Department call the Cambridge Field Engineer in your area. He'll be glad to discuss any aspect of Cambridge Belts — from manufacture to installation and service. He's listed in the yellow pages under "Belting, Mechanical". Or, write for FREE 130-PAGE REFERENCE MANUAL.

The Cambridge Wire Cloth Co.

Department Y • Cambridge 5, Md.

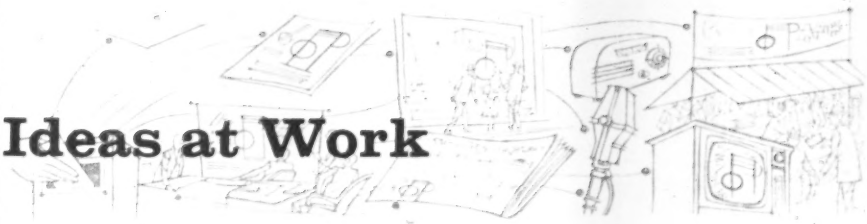
Manufacturers of Wire Cloth, Metal-Mesh Conveyor Belts, Wire Cloth Fabrications



A tasseled hard hat shouldn't surprise anyone familiar with what has been happening in New York State's schools and research laboratories. The state's 170 colleges and universities turn out more graduates in physics, engineering, chemistry, mathematics and the natural sciences – and grant far more graduate degrees in these subjects – than any other state. ■ Young scientists have every reason to *stay* in New York State, too . . . for more than 1,000 industrial and university laboratories offer them a wide variety of challenging jobs. ■ The flow of ideas from laboratories to industry has been greatly stepped up by Governor Rockefeller's Advisory Council for the Advancement of Industrial Research and Development. This is one of the most important new elements in the favorable business climate of New York State.

We'll compile a report tailored to your specific new plant needs. Write Commissioner Keith S. McHugh, Dept. of Commerce, Room 556, 112 State St., Albany 7, N. Y. (All contact between your office and ours will be kept *under* our hat.)

GET UP TO DATE ON NEW YORK STATE . . . WHERE THEY'RE TALKING THE BUSINESSMAN'S LANGUAGE



Ideas at Work

- *Putting new selling spirit in lackadaisical dealers*
- *Other ideas to spark sales, speed production, cut costs*

Incentives for Dealers

How do you get dealers to devote more floor space and sales effort to your products? This was the problem facing Filon Plastics Corp., of Hawthorne, Calif. Filon, a maker of plastic building panels, is currently doing some $4 million worth of business through about 125 independent distributors serving some 15,000 lumber and building material dealers.

Filon executives were convinced that distributors and dealers weren't producing the kind of sales the product warranted. Many of the potential customers were do-it-yourself craftsmen who were unfamiliar with the product and seldom got more than a glimpse of one sample in the dealer's store.

Dealers were inclined by habit to devote floor space to their staple items —lumber, nails, tools and the like— instead of specialty products, and they were reluctant to take up display space with a sampling of the panels, which could be supplied by distributors in four days or less. Result: dealers weren't stocking or pushing the panels, and the company's national advertising and promotion efforts were blunted.

In January, 1959, Filon set up its Class A Dealer program aimed at giving clear preference (although not necessarily exclusive territories) to willing dealers. The program uses both the carrot and the stick—dollar and other benefits, plus standards of performance for program distributors and dealers.

For the purpose, a minimum inventory was established. It included just three popular colors in the most popular shape, plus accessory nails, washers and sealing material. Total cost to the dealer was $550, but he agreed to replace inventory and have it audited by distributor salesmen. In return, the dealer got a substantial price concession, point of sale displays, and exclusive listing in cooperative advertising.

The program had to work through distributors. Filon agreed to ship Class A Dealer orders direct from the factory, provide extra point-of-sales material and give the distributors the maximum quantity discount for smaller orders.

In order to get distributors' supervisors and salesmen behind the scheme, Filon offered dealers substantial prize merchandise, on a point basis, for instituting and following up

Savings by Short Wave

More compact and economical types of radio equipment are currently offering new ways to save money in the plant.

Babcock and Wilcox Company, manufacturers of power and industrial boilers, refractories, atomic equipment and related products, has exploited one useful idea at its big Barberton, Ohio, plant.

In January the company installed its own short wave radio station, KQJ-371, to direct movement of materials. The system includes three pocket-sized two-way pedestrian units for supervisory personnel, and thirteen mobile units on fork trucks, jeeps, tractors, trucks, and B&W's diesel locomotive, which moves cars in the yard.

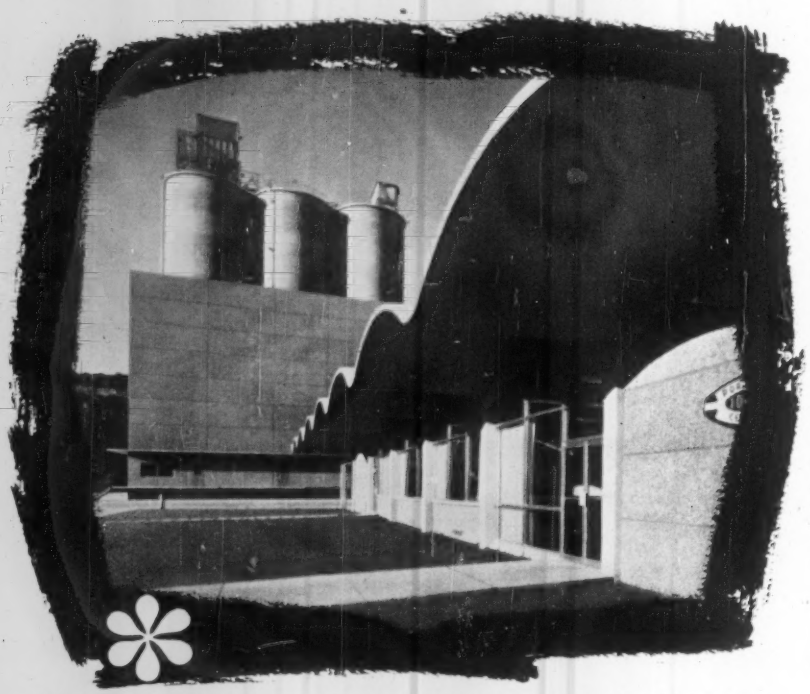
The radio network has cut dead time on vehicles that formerly had to return to a central point for orders, permitted faster moving of materials, saved fuel, and eliminated the need to keep one fork truck on continual stand-by.

MOVING MATERIALS FASTER: *At Babcock & Wilcox Company's big Barberton, Ohio plant, materials control superintendent Sid Watts keeps equipment like this fork truck in full use with two-way radio.*

"IDEAL CEMENT'S PLANT

argues well for broader use of its product in industrial construction."—

from FACTORY MAGAZINE'S TOP TEN PLANTS CITATION



Ideal Cement Company's newest plant at Tijeras, New Mexico, near Albuquerque

The Tijeras, New Mexico, plant of Ideal Cement Company is one of the ten winners in the United States of a "Top Ten" plant award by FACTORY magazine.

The plant is a handsome example of the architectural beauty and efficient design which are possible when concrete construction is employed. In a plant like this, efficient production of cement while maintaining an environment of sparkling cleanliness and beauty is a matter of course. The plant itself proves the point that for quality and functional construction there is no finer material than concrete.

IDEAL CEMENT COMPANY

DENVER, COLORADO

LISTED ON THE NEW YORK AND PACIFIC COAST STOCK EXCHANGES

SERVING SOME OF THE MOST RAPIDLY GROWING MARKETS IN THE UNITED STATES

on the company's new Class A Dealer program.

To date, almost 1,100 Class A Dealers have been established, and 70 more are being added each month. Despite lower industrial and builder sales this year, dealers report substantial increases in volume, and Filon's total sales volume is up 25 per cent over 1959.

Reverse Sales Twist

"Accentuate the positive" is a basic sales adage, but there are situations where it can pay to frankly accept the negative. For proof, look at the experience of Pitney-Bowes, Inc. The big Stamford, Conn., manufacturer of postage meters and business machines was convinced that most unsold prospects already were more than well aware of the arguments against buying postage meters. The problem was to meet the arguments head-on.

Advertising manager R. Kirk Jewett developed a new sales booklet, *How to Talk Yourself Out of a Good Thing*. Each page cites one of the basic arguments against the use of a postage meter, concedes it some measure of validity, and then marshals facts and figures on the opposite side.

The booklet was mailed to about a half-million prospects on the company's mailing list, and ample quantities were put in the hands of the corporation's 700 salesmen. "It's been tremendously effective," reports Jewett, "because it goes directly to the points of sales resistance."

Home-Grown Image

Companies that have been worrying about their corporate image might do well to look to their home areas for ideas and themes that can be effectively put across. One concern that has found a payoff here is Amana Refrigeration, Inc., of Amana, Iowa, which has put new emphasis on the Amana villages, "where craftsmanship is a way of life."

The Amana people have retained their identity since the villages were settled 100 years ago by a group of Germans protesting the dogmatism of the Lutheran Church. The original society held all property in common and an elected board of elders governed all spiritual and temporal affairs.

By 1930, however, the society had reorganized. Religious and temporal affairs were separated, and communal ownership was abandoned. George Foerstner, a young member of the society who had designed a beverage cooler for use in restaurants, went into business with two employees. The enterprise grew, and all formal links with the society were severed. Today, with 1,300 employees, Amana Refrigeration, Inc., is a leading manufacturer of home freezers, room air conditioners, central air conditioning units, and freezers-plus refrigerators.

But the company is still making good use of the suggestion of old-world craftsmanship associated with the company's founding and with the people of the Amana colonies where it is located. An intensive, four-day course at the Amana factory steeps distributor salesmen in the background and philosophy of the company. The salesmen are shown the "hard-working, scrupulously honest approach to life which has been an Amana characteristic for over a century," and sent back to their territories selling "a philosophy of integrity, fine craftsmanship and tradition."

Message in a Minute

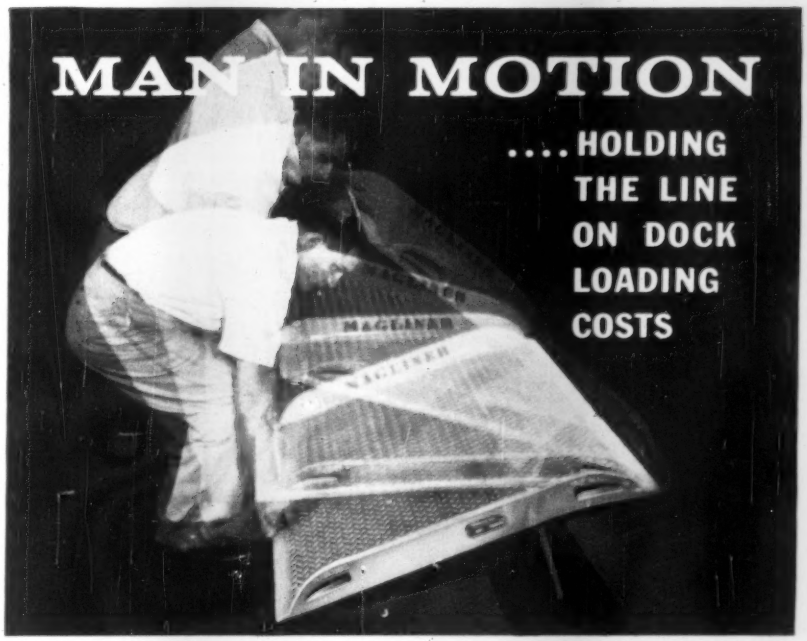
American Can Company has come up with an idea that can boost sales or increase safety almost anywhere its products are used.

The company's Canco Division developed the idea in order to remind service station attendants to make a sales "pitch" in the brief time (average 58 seconds) they have to speak to a motorist about other possible products or services, in the course of filling his tank.

Canco has a wide assortment of stock reminder phrases, such as "Ask: May we change your oil next time?" "Check filter?" or the simple "Smile —customers like it." The phrases are printed on the bottoms of oil cans so they are readily seen by the attendant when he puts oil into the crankcase.

Canco product manager C. S. Stephens reports that after using the cans for a month or more, service station attendants have got so much in the habit of using the reminder that they make their sales pitches automatically.

The "profit-prompter" cans are now being used by about a dozen major oil companies, and Stephens notes that phrases can be developed



Down goes a Magliner, down go costs! And they *stay down* with Magliner Magnesium Dock Boards on the job! Magnesium light for *one man handling*, magnesium strong for rugged service, Magline-designed to keep loads in motion—safely, smoothly, *economically*! Send today for your copy of "Difficult Dock Problems"—the bulletin that helps you *spot and correct* high-cost dock loading problems.

Request Bulletin DB-204. Magline Inc. P.O. Box 311, Pinconning, Michigan

MAGLINER MAGNESIUM DOCK BOARDS

acme visible rotaries

. . . spin nearly a quarter-million 5x3 consumer credit cards to users fingertips—at Broad Street Trust Company of Philadelphia. Reference data moves . . . but the workers do not. Result: Faster customer service. Employee fatigue reduced. Precious floor space freed. **Send coupon to see** how Acme Visible Rotaries soon pay for themselves!

ACME VISIBLE

ACME VISIBLE RECORDS, INC.
1111 West Allview Drive, Crozet, Virginia

Please send information showing examples of many types and sizes of power and manual Rotaries now used by firms in many fields.

NAME_____ TITLE_____
COMPANY_____
ADDRESS_____
CITY_____ ZONE_____ STATE_____

American Motors Corporation
Armstrong Cork Company
"Bendix Products Division—
The Bendix Corporation"
Boeing Airplane Company
Briggs & Stratton Corporation
Buhr Machine Tool Company
J. I. Case Company
Caterpillar Tractor Company
Celotex Corporation
Chrysler Corporation
Cincinnati Milling and
Grinding Machines, Inc.
Patrick Cudahy, Incorporated
Curtiss-Wright Corporation
Danly Machine Specialties, Inc.
Eastman Kodak Company
Emerson Electric
Manufacturing Company
Firestone Tire & Rubber Company
Flintkote Company
Gleason Works
B. F. Goodrich Company
Goodyear Tire & Rubber Company
Geo. A. Hormel & Company
International Harvester Company
Jones and Lamson Machine Co.
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Lockheed Aircraft Company
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Pullman Incorporated
Radio Corporation of America
Radio Corporation of America
(Whirlpool Corporation Division)
Republic Aviation Corporation
Republic Steel Corporation
Revere Copper and
Brass Incorporated
Reynolds Metals Company
R. J. Reynolds Tobacco Company
(Archer Aluminum Division)
Singer Manufacturing Company
A. O. Smith Corporation
Snyder Corporation
Stewart Warner Corporation
The Timken Roller Bearing Company
Trane Company
Union Carbide Corporation
United States Steel Corporation
Wilson & Company, Incorporated

RACINE
hydraulic components
THE *heart* OF BETTER MACHINERY
Here are but a few of the many OEM'S and end users of RACINE EQUIPMENT that rely on its day-in, day-out dependability and performance superiority. You, too, can get the same sort of money-saving reliability from the equipment you use or produce by installing stout-hearted RACINE HYDRAULIC COMPONENTS.

RACINE
Racine Hydraulics & Machinery, Inc.
RACINE, WISCONSIN
HYDRAULICS DIVISION

for other products or services or to tie in with special promotions.

Chatter Cutter

Many companies have come up against the problem of cutting down on personal phone calls by office workers, but not so many have recognized that there can be such a thing as time wasted on business calls—and not always on the clerical level. Here, the answer isn't so easy.

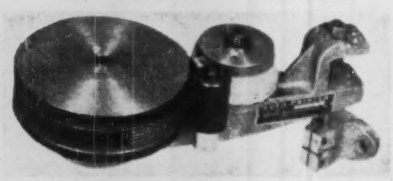
Minute Maid Corporation uses a booby prize with a humorous twist to

reduce the high-cost time that executives spend on the long-distance phone.

In the course of a methods improvement study, traffic manager Adney Reed learned that telephone costs at the company's Orlando, Florida, headquarters were averaging $5,600 a month.

Headquarters executives were making 700 long distance telephone calls a month, the average call lasting 11 minutes and costing $6.54. Adney set up a "Joe Blow" trophy—a set of false teeth mounted on a base, to be given each month to the executive whose average long distance calls took the most time. Although the number of calls has since gone up 30 per cent, mainly because of corporate acquisitions and expansion, their average length has dropped to 8.9 minutes, the average cost to $4.41. —J.R.M.

THE "WHIPPET" MARKER



Automatically dates, codes, or marks production runs of cartons, packages, filled bags, boxes, rolls, cans, etc. For candy manufacturers, food packers, distillers, oil companies, etc. Send for free catalogue.

THE INDUSTRIAL MARKING
EQUIPMENT COMPANY, INC.
655 Berriman Street, Brooklyn 8, N.Y., Dept. DR

Have You a New Address?

An early notice of change of address is helpful—it is usually necessary to have three weeks' notice. Please include the old address and your postal zone number and send the information to the Circulation Department.

DUN'S REVIEW and Modern Industry,
99 Church St., New York 8, N.Y.

LOOK!

14 great new copy machines in the Ozalid®-Ozafax line!

Each one styled, sized, and priced to give you maximum efficiency for every office or plant need.

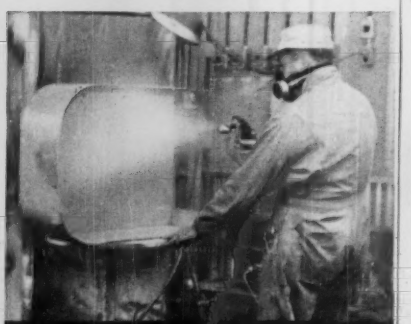
Got a preference in diazo reproduction equipment? Ozalid dry or Ozafax semi-dry (sometimes known as "moist")—take your choice from 14 brand-new models, rarin' to work for you.

In seconds, these machines make office and engineering reproductions you can hardly tell from originals. Save you time, work, money. Eliminate office copying errors, retyping, proofreading, double-checking. Increase print output, reduce reproduction costs. Paper cost? As little as 1¢ for a letter-sized copy.

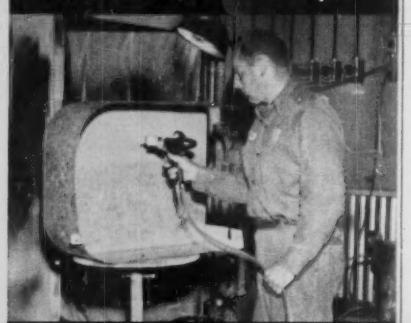
Find out about the complete Ozalid-Ozafax line. Talk to an Ozalid salesman or write: Ozalid, Johnson City, N. Y. In Canada, Hughes-Owens Ltd., Montreal.

Ozalid for '61—boldest new look in the business!

big savings for your finishing department



A PICTURE OF WASTED PAINT. The overspray you see is typical of most old-fashioned spray systems. Fifty per cent or more of the paint never reaches the object to be painted at all.



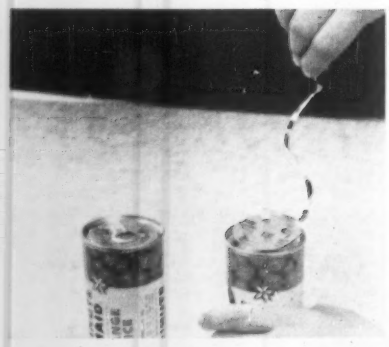
WITH NORDSON AIRLESS. The same product being sprayed by the same man; but, this time, little or no overspray — paint waste cut 25 per cent or more.

With an ordinary spray system, 600 parts of air are needed to atomize one part of paint. When the spray gun is triggered, the mass of air must go somewhere and it carries with it clouds of paint — much of which goes up the spray booth exhaust stack or settles where it is unwanted.

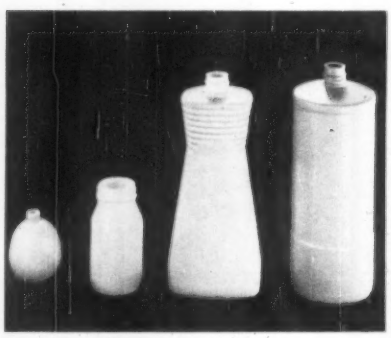
The Nordson Hot Airless System changes all that. *No* air is used for atomization so overspray is cut to a bare minimum. Important savings are made in both material and labor. Clean-up time is cut to the bone, housekeeping improved. We can show you how to cut painting costs and at the same time get better finish quality. Write for your free copy of the Nordson Hot Airless Spray Brochure.

NORDSON CORPORATION
29 JACKSON STREET • AMHERST, OHIO

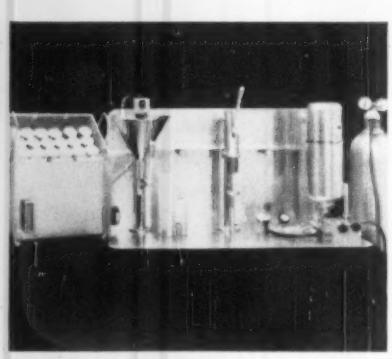
New Product Parade



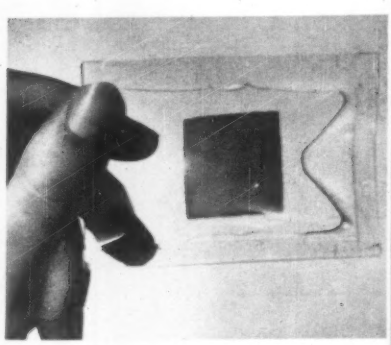
TEAR-TOP CAN: A simple tug on the tab of this newly developed can removes the entire top. The lightweight can body is composed of alternating layers of aluminum foil and rigid paperboard. The aluminum tear-out end can also be used on conventional tin plate can bodies. *Aluminum Company of America, 1501 Alcoa Building, Pittsburgh 19, Pa.*



AUTOMATIC CONTAINER MOLDING: A new, completely automatic machine molded these containers. Rather than extruding, material is injection molded on a core rod, and then blown to its final shape. Secondary reaming and trimming is eliminated. *"Duplimatic Blower," Modo Machinery Company, 2443 Prospect Ave., Cleveland 15, O.*



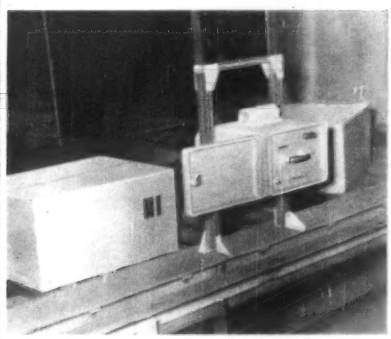
UNDER PRESSURE: Aerosol containers can be filled in short-run quantities economically with this new pressure-filling unit. The unit is designed for low-cost testing as well as "custom" filling. The manually operated machine is said to be as well equipped as its larger counterparts. *"Model 1000-M," Pressure Pak, Inc., 420 Monceaux Rd., West Palm Beach, Fla.*



LIQUID PACK: A variety of objects can be sealed in liquid in this small film package. The disposable pack is suitable for sampling and market testing. Sample packs may contain a small sponge and solutions such as metal cleaners, insect repellents, and nail polish remover. *"Handipak," Packaging Services, Inc., Madison & Beech Streets, Wilmington 99, Del.*

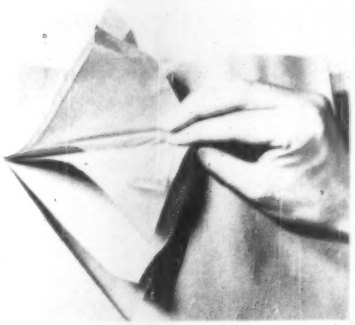
» **THIS MONTH:** *Equipment for better packaging; photos via phone; detecting fires and preventing fires; versatile new postage meter.*

POLYETHYLENE PACKAGER: This new plastic packaging machine seals on three or four sides in one operation. The machine adjusts automatically to fit any package size and will seal packages up to 8 inches thick. The manufacturer claims savings in labor, handling, and material waste. *"Seal A Round," Packageers, Inc.*, 500 North Dearborn St., Chicago 10.



CONTAINER COUNTER/ROUTER: This control unit selects and counts up to 31 different items for routing from conveyors. It recognizes codes on containers, and actuates counting and routing circuits. The functions permit inventory control and accurate sorting of mixed packages. *"Selector/Counter," Atronic Products, Inc., 1 Bala Ave., Bala-Cynwyd, Pa.*

PLASTIC PLY: New shipping sacks are reported to have excellent moisture resistance. The bags are constructed with a ply of polyethylene film between layers of heavy-duty kraft paper. The economically priced packs are suited for packaging moisture-sensitive substances. *"Poly-Ply Multiwall," Chase Bag Company, 355 Lexington Ave., New York.*



PHOTOS VIA PHONE: A new electron tube prints high quality photographs from telephone, telegraph or radio signals. Electronic charges of varying intensity pass through wires extending through the tube face. Paper passed against the tube picks up the charges and reproduces the picture. *Raytheon Company, Industrial Components Div., 55 Chapel St., Newton, Mass.*

more news on next page

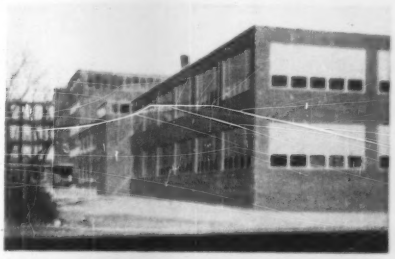
PUBLIC RELATIONS

through trees

by The Davey Business Advisor

Industrial competition today demands that your company maintain effective public relations with *all* your publics—your employees, your community, your shareholders and your customers—in every possible way.

Establishing a company character that bespeaks progressive management, can well begin with the first impression gained by an attractively landscaped plant site. Your employees and your community will see it every day. Customers and investors will see it in your advertising, annual reports and publicity.



The Davey Tree Expert Company can bring you this quality of company character, with trees and tree-saving service. Fall and winter are the more favorable times to transplant. Davey, unlike most companies, guarantees transplanted trees through their critical second year. Davey's national organization, unequalled equipment and highly trained manpower make it a company you will be happy to do business with.

For help in planning a reasonable landscaping program and tree-care budget, write to:

DAVEY TREE EXPERT CO.

Kent 15, Ohio

MARTIN L. DAVEY, JR.
President

THE OLDEST AND LARGEST TREE SAVING SERVICE IN THE WORLD

DAVEY TREE EXPERT CO.

P.S. Your trees at home are valuable possessions, too. They deserve the best possible care. Call your nearest DAVEY TREE SERVICE, in your phone book, or write to Kent, Ohio.

RECORD 4 HOURS...

play back immediately

on battery-operated, pocket-size

minifon®

WORLD'S SMALLEST PUSH-BUTTON RECORDER

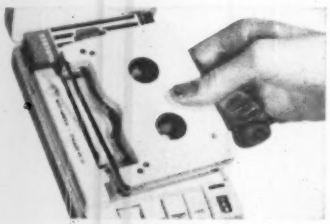
Imagine! On the Minifon P 55L you can now record up to 4 hours on a single magnetic wire spool no larger than a silver dollar—or on the Minifon Attache', up to one hour on a magnetic tape magazine, smaller than a post card.

You can record anywhere—on the go—car—plane—train—hotel—home—office. You can record conferences—interviews—reports—speeches, etc.

MINIFON IS THE ONLY LINE OF POCKET-SIZE, FULL FEATURE RECORDERS!

All are pocket-size, battery or AC operated—with automatic push-button control. Available are ear phones and foot pedal control, special microphones for every recording need, speakers for play back to large groups. MINIFON can be used in conjunction with your present recording equipment. You can re-use magnetic tape or wire thousands of times!

MINIFON P55 RECORDER World Famous! Up to 4 hr. recording and playback on a single reel of magnetic wire, anywhere, anytime. Size: 3 15/16" x 6 1/16" x 1 9/16" — Weight: 1¾ lbs. Many specialized accessories available. ←



Size: 3 15/16" x 6 1/16" x 1 9/16". Weight: 2¼ lbs.

MINIFON ATTACHE' New! →

The ideal all-in-one machine for recording, dictating and transcribing. 60 or 30 minute instant load magazine-tape. Fast forward-fast rewind. Stop-start microphone. For the man-on-the-go. Also for office use.

WRITE OR WIRE FOR DETAILS!

DEALERS—a few valuable franchises open

Geiss-America Exclusive U.S.A. Importers, Chicago 45, Ill. DEPT. DR-11

Please send complete information on MINIFON RECORDERS.
for ☐ Our Own Use ☐ Dealer Franchise

Name_____

Name of Company_____

Address_____

City_____ State_____

continued from page 171

VERSATILE MAILER: This bantamweight postage meter prints directly on any size envelope or package, eliminating the need for a mailing machine and tape stamps. The meter can also be used in conjunction with a 6,000-letter-per-hour letter sealer. Single stamp imprints up to $9.99,

and postage pre-payment up to $9,990 are standard. The meter leases for a flat charge of $8.50, regardless of the amount of postage used. Combination counters indicate postage used and postage remaining. *"Postalia," Tele-Norm Corp., 55 West 42nd St., New York.*

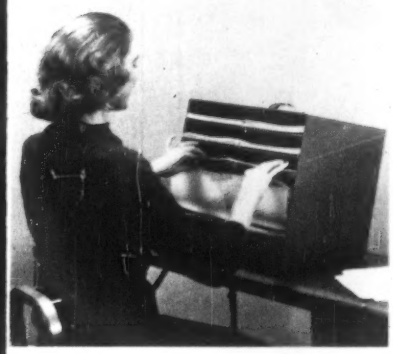
FIRE DETECTOR: Sensing a fire's ultraviolet radiation, this electronic tube reacts almost instantly, before the fire has a good start. It can be used to

detect the absence of flames, as in furnaces, detect gas and smoke, and measure the density of liquids or air. The detector is also a communica-

tions device, picking up ultraviolet signals from 1 mile distant. It is insensitive to direct sunlight or normal illumination. *"U-V Detector," Thomas A. Edison Industries, West Orange, New Jersey.*

FOAMED FILM: A new plastic styrene foam film feels like kidskin, is waterproof, grease-resistant, and has good insulating and cushioning properties. Priced competitively with paper, the film is acceptable for food packaging, and is suitable for frozen food packages, wrappings for fragile products, and products requiring insulation. *"Santofome," Monsanto Chemical Company, 445 Park Ave., New York 22.*

COLLATOR: The operator of this manual collator can gather as many as 6,000 sheets per hour. Each of the twelve stations on the portable device holds 300 sheets; and station



widths can be adjusted for any size paper up to 17" x 11". $37.50. *"Portable Collator," A. P. Heinz, 2422 Lunt Ave., Chicago 45.*

ORGANOPOLYPHOSPHORUS ESTERS: Six new compounds in this multisyllabled chemical family are expected to impart practical and economical flame-retardant properties to plastics, synthetics and wood products. The first derivatives of a newly-discovered chemical reaction, the inexpensively formed compounds are not expected to alter other properties of the product material. Quantities for evaluation are available. *"Phosgard," Monsanto Chemical Company, 445 Park Ave., New York 22.*

NO SHELVING NEEDED! STAXONSTEEL employs an engineering principle to combine the strength of steel with the economy of corrugated board. The steel supporting frame gives the drawer equal support front, back and sides. For long term economy there is no better record storage drawer than STAXONSTEEL. Five standard stock sizes available.

FREE Catalog and Record Storage Manual. Write Dept. DR 11.

BANKERS BOX COMPANY
Record Storage Specialists Since 1918
2607 N. 25th Ave., Franklin Park, Ill.

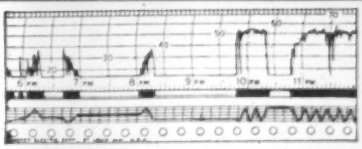
THE BUSINESS GIFT THAT LOOKS AHEAD

Nascon
MONTH-AT-A-GLANCE

This handsome gift for your busy customers will prove its practical usefulness throughout the year. A full month's scheduled plans are shown on each generous 2-page spread, Wire-O bound to lie flat. Plus: an extra section for planning dates ahead for *1962*. Your advertising message may be bound anywhere in the book. Covers imprinted with your name or trademark, at no extra cost. Send for the new Nascon Advertising Gift Catalog for full details.

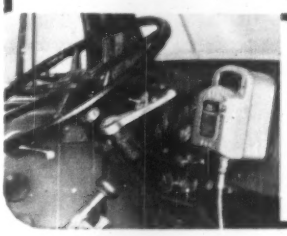
SPECIALTY AT-A-GLANCE DIVISION
NASCON PRODUCTS
Division of Eaton Paper Corporation
DEPT. D, 475 FIFTH AVENUE, NEW YORK 17, NEW YORK

NEW 31-DAY "STRIP" CHART
helps truck owners cut operating costs



New WAGNER-SANGAMO
TACHOGRAPH
graphically records truck operations
—up to 31 days—on single chart

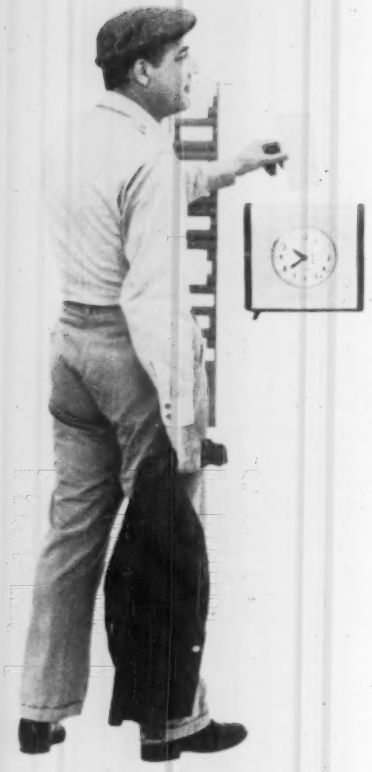
This tamper-proof instrument provides a permanent graphic report of every run of each Tachograph-equipped truck. Recorded time of operation, duration of stops, speeds, and distances traveled give you valuable information . . . help you plan better routing, control speed, cut wasted time, and reduce truck operating costs. For details, mail the coupon.



Wagner Electric Corporation
6439 PLYMOUTH AVE., ST. LOUIS 33, MO., U.S.A.
Send FREE copy of Bulletin SU-140.
Name
Company
Address
City & State
We operate ____ vehicles. #560-4

Patrol Efficiently and Alertly

Deter Crimes



Keep Daily Log

Prevent Fires

It pays to let Burns mind your business

Burns lowers security costs. We give you more professional protection, including the use of electronic equipment where feasible, for fewer dollars. All guard necessities, such as uniforms and sidearms, and such fringe costs as social security, vacations, overtime are included in a complete package. *That means a 20% or more saving.*

Burns frees administrative time. Plant protection is our basic business... but not yours. A Burns contract guard force frees time for important business *planning* and leaves business *protection* to a professional staff.

Burns Guards are thoroughly trained. Every Burns Guard knows: first aid, fire prevention, intruder apprehension, daily log maintenance, time clock supervision, parking lot direction, reception procedures and patrol methods. And each Burns force is under round-the-clock supervision, thereby relieving you of the responsibility.

Burns analyzes changing needs. Because security is our business, Burns constantly reevaluates your position to keep you alerted. And, with Burns, you gain the positive manpower flexibility so important to sound security.

Burns enforces rules objectively. It is our job to recognize and report infringements of your company procedures. Because we are "outside" security, there is no fraternization and rules are enforced to the letter.

Burns ends absentee problems. If a guard cannot show up, Burns will replace him, thus continuing your protection unbroken. This also works another way. If you have a temporary—or permanent—need for more guards, they will be supplied immediately.

Whether you're in banking or ballistics... whether you're a brewer or baker, Burns can protect your business... at a 20% or more saving. Incidentally, a lot of our clients are handling classified U. S. Government contracts.

Let us show you how Burns Guards can improve your security system while they save you money. Phone, write or wire and a Burns Security Specialist will be at your service. No obligation. Meanwhile send for our informative brochure, "It takes more than fences."

Burns is the world's largest SECURITY BURNS SERVICES *industrial security organization*

THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC. • EXECUTIVE OFFICES: 101 PARK AVE., NEW YORK 17, N. Y.

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The Reviewing Stand

Back to Business

In a day or two we shall know the answer, and the United States will have a young president-elect, intelligent, courageous, and battle-scarred in the political arena. There have been some curious contradictions, however, between the candidates and their supporters. The Democratic Party—which claims to be the voice of labor, the small business man, the farmer, the aged, and the unemployed—chose two wealthy men, Kennedy and Johnson, favoring strong social welfare measures.

The Republican Party, with two relatively poor men, Nixon and Lodge, is the reputed voice of industry and business. Labor, for the most part, has spoken for the rich men and against the poor men. Business men, meanwhile, with only a minority voice and no hydra-headed mouthpiece, will get on with business as usual, no matter who occupies the White House. For either a Democrat or a Republican, campaign promises are one thing, but legislative action and administrative decisions are something else again.

Technology and Tact

If technology's benefits were to be carried to a theoretical goal, automation could perform all of our physical and most of our mental chores. The natural question is: What will be the economic and social consequences? Will man be the victim of his own ingenuity?

One of the most important requirements of the transition period is the retraining of skilled labor. Any training program during a major changeover, with its attendant dislocations, demands understanding of the stubbornness of human nature when called upon to change its habits or pull up its roots.

For instance, the skilled riveter may decline to become an apprentice welder, or the filist may resist transfer to computer training. Pride is involved, as well as inbred resistance to change, and to lessen or overcome blind resentment against the new order often requires great tact and patience.

Problems of Progress

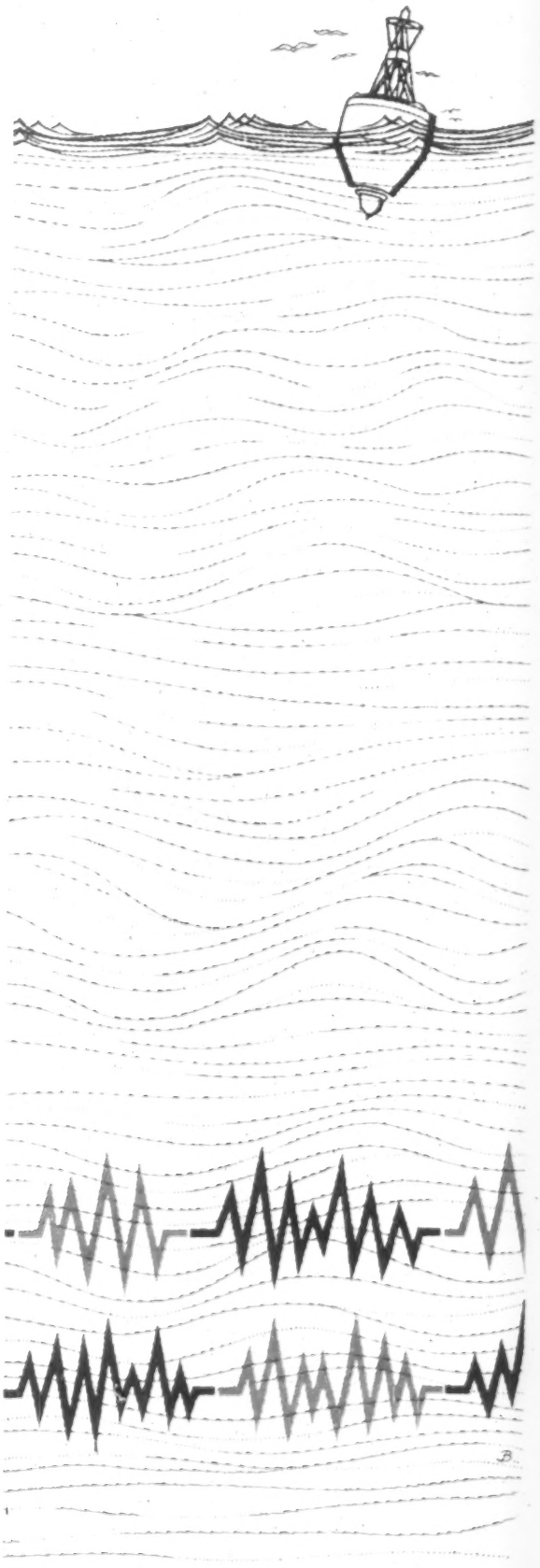
The U.S. Department of Health, Education and Welfare has reported that reluctance to acknowledge the need for retraining is one of the biggest obstacles that a trainee program faces in industry.

To prepare the worker for the shifts required by technological change means that both labor and management will have to face up to a joint responsibility. Civic managers in areas gaining or losing industry must be prepared to take proper action as plants move, industries change methods or products, and the proportion of office workers to mill workers moves up or down.

Already there are a number of distressed regions or communities affected by new fuels, new materials, and new techniques. These inevitable and painful shifts of emphasis in employment might be eased by proper foresight and the prompt, joint action of management in industry, labor, and government.

Today one man on a farm feeds 24 people in a town or city. But the increased productivity made possible by new farm machinery can only bring increased confusion and difficulty unless the farmer can find enough consumers for his products. The answer is far more complex than a palliative offered by price supports, which in the long run only aggravates the difficulty.

Progress always brings problems, and technology multiplies them in a complex society. The economic and social balance can be preserved only by a determined effort to pay the price of progress with a carefully planned and managed program of transition. We cannot eliminate the pain of change; but at least we can prevent permanent scars. —A.M.S.



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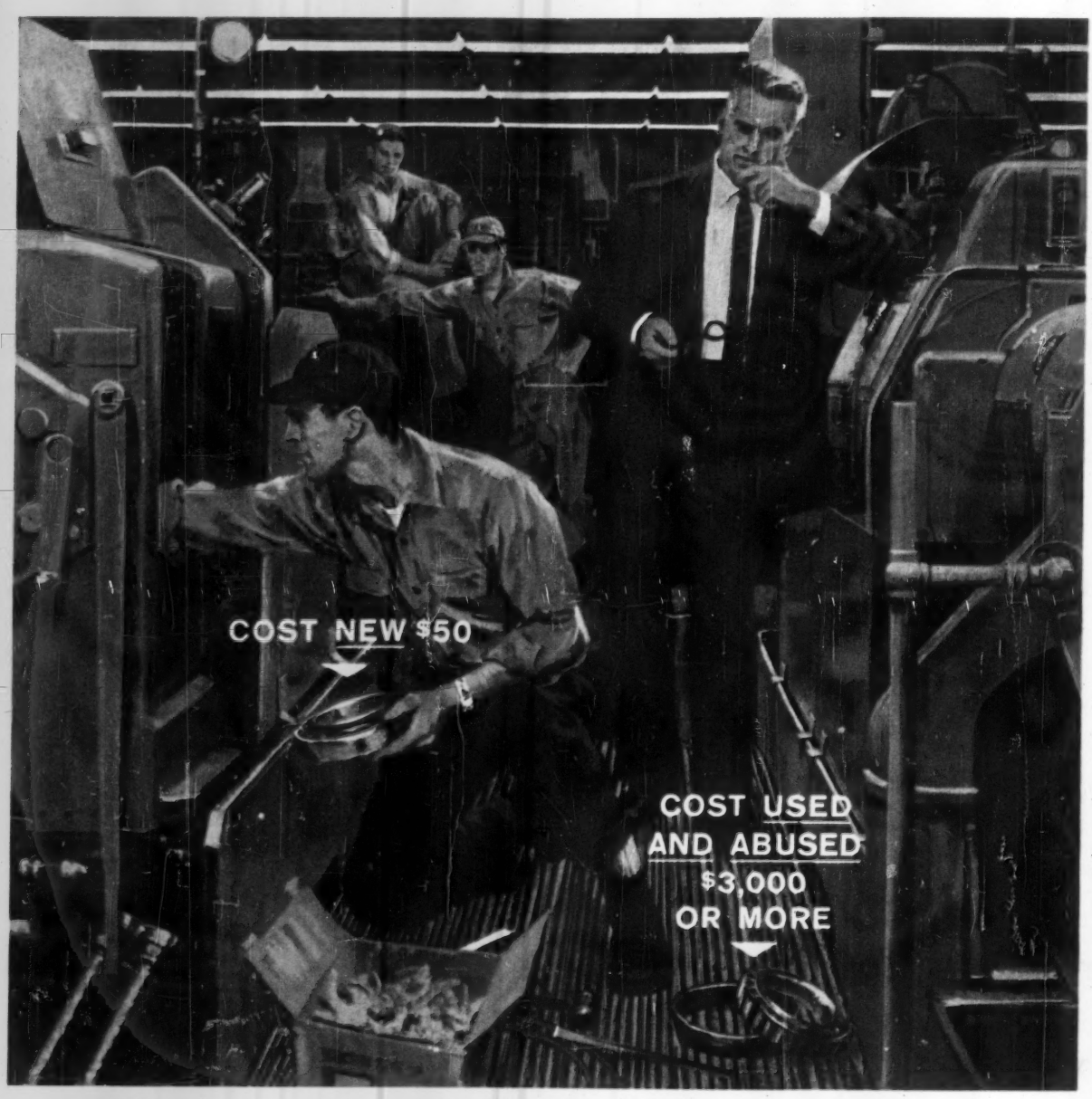

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